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Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1958

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AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of Section 161 Revised Statutes (5 U.S.C. 22), Reorganization Plan No. 2 of 1953, and other authorities. The Service is organized to aid in advancing the orderly and efficient marketing and the effective distribution of products from the Nation's farms. The marketing and distribution functions of the Department are centered in this Service. The Administrator of the Service is also responsible for the coordination of all statistical work of the Department.

The Agricultural Marketing Service carries on the following principal programs:

1. Research and Agricultural Estimates. These functions include

   a. marketing research directed toward the development of practical answers to problems encountered in moving agricultural products from the farm to the consumer, including expanded outlets for new and established products, reduced costs, improved product quality, and improved market equipment and facilities;

   b. analyses of the economic situation and outlook for farm products, including factors affecting price, supply, and consumption; and statistical studies on farm population, costs, prices and income in their relation to agriculture including causes for variations and trends;

   c. crop and livestock estimates including acreages, yields, production, stocks, values and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products and such related data on prices received and paid by farmers.

2. Marketing Services. These activities contribute to the efficient and orderly marketing of agricultural commodities through

   a. the Market News Service which provides timely and reliable market reports on all major agricultural commodities to help farmers determine when and where and at what price to sell their products.

   b. inspection, classing, grading and standardization services to develop standards of quality for agricultural commodities and to use them in providing an impartial inspection, classing, and grading service.

c. Freight rate service to assist in obtaining and maintaining equitable transportation rates and services on farm supplies and products.

d. Regulatory activities covering administration of laws aimed at protecting farmers and others from financial loss resulting from deceptive, careless, and fraudulent marketing practices.

3. Payments to States. The Service administers the matched fund prog for marketing activities carried out through cooperative arrangements by State Departments of Agriculture, Bureaus of Markets, and similar State agencies.

4. School Lunch Program. Federal assistance is provided to States an Territories for use in serving nutritious midday meals to children attending schools of high school grades or under in order to improve the health and well-being of the Nation's children, and broaden the market for agricultural food commodities.

5. Removal of Surplus Agricultural Commodities and Marketing Agreements and Orders. These activities directly or indirectly tend to maintain prices received by farmers and establish and maintain orderly marketing conditions through

a. removing from the market surplus agricultural commodities through purchase and donation to eligible recipients, export and diversion payments, and distribution of Commodity Credit Corporation donated commodities to eligible outlets authorized under Section 416;

b. administration of marketing agreements and orders;

c. cooperation with the food trade and others to encourage greater consumption of abundant foods.

6. Work Performed for Others. The Agricultural Marketing Service has also been delegated authority for, or is called upon, to perform other services for Federal, State and private agencies, on a reimbursable or advance payment basis. These include among others the special school milk program, food planning for defense emergency conditions, and administration of Section 708 of Title VII of the National Wool Act of 1954.

The Agricultural Marketing Service maintains its central office in Washington, D. C., but a large part of the program activity is carried c through State offices on agricultural estimates and functional field bra offices of the several Washington commodity and functional divisions located in over 225 cities and towns in the United States, Hawaii, Puerto Rico, and Cuba.

On November 30, 1956 (excluding the offices of the Milk Marketing Administrators) there were approximately 7,000 full-time employees, distributed about 1,800 in the D. C. metropolitan area and the remainder in the field. In addition there were about 1,200 part-time and intermittent employees primarily in the field. A substantial portion of Agricultural Marketing Service employment is financed through revenue from fees, charges, or other assessments and through joint financing or other arrangements with States and private cooperators.

	Appropriated 1957	Budget Estimates, 1958
Appropriated funds:		
Marketing research and agricultural estimates	$13,437,000	$15,482,500
Marketing services	13,020,000	15,186,000
Payments to States, Territories and Possessions	1,160,000	1,260,000
School Lunch Program	100,000,000	100,000,000
Total appropriated funds (excluding permanent appropriations)	127,617,000	131,928,500

Summary of Appropriations, 1957 and Estimates, 1958

Appropriation Item	Total Estimated Available 1957	Budget Estimates, 1958	Increase (+) or Decrease (-)
Marketing research and service:			
Marketing research and agricultural estimates	$13,437,000	$15,482,500	+$2,045,500
Marketing serviees	13,020,000	15,186,000	+ 2,166,000
Payments to States, Territories, and Possessions	1,160,000	1,260,000	+ 100,000
School lunch program	100,000,000	100,000,000	- -
Perishable Agricultural Commodities Act Fund (permanent a/)	546,000	675,000	+ 129,000
Removal of surplus agricultural commodities (30% of customs receipts - permanent b/)	199,976,003	223,500,000	+23,523,997
Total	328,139,003	356,103,500	+27,964,497
Deduct permanent appropriations (shown in detail above)	200,522,003	224,175,000	+23,652,997
Total (excluding permanent appropriations)	127,617,000	131,928,500	+4,311,500
Special Activity:			
Reimbursement to Commodity Credit Corporation for advances for grading and classing activities	367,740	80,449	-287,291

a/ In addition, unobligated balance of $304,401 available in fiscal year 1957, of which $290,401 is estimated to be carried forward into 1958.

b/ In addition, unobligated balance of $244,701,053 available in fiscal year 1957, of which $198,295,141 is estimated to be carried forward into 1958.

TRANSFER IN 1958 ESTIMATES

For several years the crop and livestock estimating service, Agricultural Marketing Service, has collected and compiled specified statistics on cotton, rice, wheat, and corn in commercial areas as now defined for use in administering agricultural allotment and marketing quota programs. The statistics involve primarily county estimates which are not included under the regular crop estimating program. Accordingly, the cost of providing the statistics has been financed by an advance of funds each year from the Commodity Stabilization Service.

The 1958 Budget proposes a transfer in the estimates of $237,000 from "Acreage Allotments and Marketing Quotas, Commodity Stabilization Service", to"Marketing Research and Service, Agricultural Marketing Service", which is the amount required for this work in 1957. The cost of this work in 1958 is estimated at $249,500, representing an increase of $12,500 for Federal contributions to the retirement fund. The transfer in the estimates will provide for collection and compilation of statistics for these commodities on a continuing basis pursuant to an agreement between the Commodity Stabilization Service and the Agricultural Marketing Service. Since these statistics are an annual requirement and the nature and amount of the services for present program operations do not vary, and since the Agricultural Marketing Service has the assigned responsibility for providing basic statistics on agriculture, it is believed that funds for collecting and compiling statistics required on a continuing basis should be included in the budget for the crop and livestock estimating service.

(a) Marketing Research and Service

	Marketing Research and Agricultural Estimates	Marketing Services	Total
Appropriation Act, 1957	$13,200,000	$13,020,000	$26,220,000
Activities transferred in the 1958 estimates from "Acreage Allotments and Marketing Quotas, Commodity Stabilization Service" for crop estimates data	237,000	- -	237,000
Base for 1958	13,437,000	13,020,000	26,457,000
Budget Estimate, 1958	15,482,500	15,186,000	30,668,500
Increase	+2,045,500	+2,166,000	+4,211,500

SUMMARY OF INCREASES AND DECREASES, 1958

Marketing research and agricultural estimates:	
For additional marketing research	+1,000,000
For expanded statistical analyses, outlook and service work	+26,000
For regular collection and analysis of data on farm income and production expenses	+157,300
For expanding and improving crop and livestock reporting services	+257,500
For retirement costs pursuant to Public Law 854	+604,700
Subtotal	+2,045,500
Marketing services:	
Increases:	
To expand and improve market news service	+292,000
To extend, improve, and expand inspection, grading and standardization services	+188,100
For furnishing to food inspectors and graders washable outer garments to protect the product from contamination by the inspector or grader	+137,000
To help meet the increased workload in connection with administration of the import provisions of the Federal Seed Act	+48,050
To provide improved supervision of stockyards posted under the Packers and Stockyards Act and to post additional yards	+178,000
To improve administration and enforcement of the U. S. Warehouse Act	+52,150
To expand supervision and technical direction for matched fund marketing service projects being carried on in the States	+15,800
For retirement costs pursuant to Public Law 854	+1,370,400
Decreases due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation	-115,500
Subtotal	+2,166,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease: Retirement costs (P.L. 854)	Increase or Decrease: Other	1958 (estimate
1. Marketing research and agricultural estimates					
a. Marketing research:					
(1) Market development	$916,183	$1,045,300	+$31,300	+$245,000	$1,321,60
(2) Market organization and costs	1,801,286	2,120,100	+95,900	+225,000	2,441,00
(3) Improving and evaluating product quality	1,730,020	2,128,200	+88,200	+350,000	2,566,40
(4) Market transportation and facilities	1,204,787	1,449,000	+64,100	+180,000	1,693,10
Total, Marketing research	5,652,276	6,742,600	+279,500	+1,000,000 (1)	8,022,10
b. Economic and statistical analysis:					
(1) Price, supply and consumption	652,462	773,500	+39,800	+26,000	839,30
(2) Farm income	534,709	368,800	+19,100	+157,300	545,20
(3) Farm population	174,012	322,200	+16,600	- -	338,80
Total, economic and statistical analysis	1,361,183	1,464,500	+75,500	+183,300 (2)	1,723,30
c. Crop and livestock estimates:					
(1) Field crops	1,639,949	1,846,400	+95,200	+84,400	2,026,000
(2) Fruits and vegetables	647,730	809,300	+36,900	- -	846,200
(3) Livestock and poultry	1,071,248	1,179,500	+53,800	+73,100	1,306,400
(4) Dairy	479,372	519,500	+23,800	- -	543,300
(5) Agricultural prices	641,133	671,300	+30,700	+100,000	802,000
(6) Enumerative surveys, cold storage, farm employment and wages	147,422	203,900	+9,300	- -	213,200
Total, crop and livestock estimates	4,626,854	5,229,900	+249,700	+257,500 (3)	5,737,100
Total, Marketing research and agricultural estimates	11,640,313	13,437,000	+604,700	+1,440,800	15,482,500

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Project	1956	1957 (estimated)	Increase or Decrease: Retirement costs (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
2. Marketing services					
a. Market news service:					
(1) Cotton and cottonseed	387,178	399,000	+15,900	- -	414,900
(2) Dairy and poultry products	707,110	775,500	+20,400	+48,800	844,700
(3) Fruits and vegetables	1,145,305	1,219,800	+40,100	+148,900	1,408,800
(4) Grain, hay, feed, etc.	206,029	235,500	+8,000	- -	243,500
(5) Leased wire service	292,662	340,700	+6,200	+30,500	377,400
(6) Livestock, meats and wool ..	942,362	998,300	+42,900	+53,400	1,094,600
(7) Naval stores .	21,132	19,500	+900	- -	20,400
(8) Tobacco	189,814	190,700	+6,400	+10,400	207,500
Total, Market news service	3,891,592	4,179,000	+140,800	+292,000 (4)	4,611,800
b. Inspection, grading and classing and standardization:					
(1) Cotton and cottonseed	2,314,965	2,303,100	+129,035	-113,735	2,318,400
(2) Dairy products	25,887	26,100	+75,800	+17,600	119,500
(3) Fruits and vegetables	546,832	556,400	+215,000	+55,200	826,600
(4) Grain (U.S. Grain Standards Act)	1,618,174	1,697,800	+74,930	+91,870	1,864,600
(5) Livestock, meats and wool ..	114,900	117,700	+199,000	+37,700	354,400
(6) Naval stores .	37,609	38,000	+2,600	- -	40,600
(7) Poultry products	337,931	336,700	+249,700	+80,000	666,400
(8) Rice, hay, beans, etc.	60,705	43,000	+64,300	- -	107,300
(9) Tobacco	1,722,509	1,688,700	+102,535	+40,965	1,832,200
Total, Inspection, grading, classing and standardization	6,779,512	6,807,500	+1,112,900	+209,600 (5)	8,130,000
c. Freight rate services	166,214	170,700	+10,100	- -	180,800
d. Regulatory activities:					
(1) Federal Seed Act	252,241	255,200	+12,050	+48,050	315,300
(2) Naval stores and tobacco export permits	8,626	9,800	500	- -	10,300

(Continued on next page)

Project	1956	1957 (estimated)	Increase or Decrease: Retirement costs (P.L. 854)	Increase or Decrease: Other	1958 (estimate
(3) Packers and Stockyards Act ..	652,105	769,700	+33,400	+178,000	981,10
(4) Standard Container Acts	10,948	12,500	+500	- -	13,00
(5) Warehouse Act	708,301	760,900	+31,950	+52,150	845,00
(6) Perishable Agricultural Commodities, Produce Agency and Export Apple and Pear Act	- -	- -	+25,400	- -	25,40
Total, Regulatory activities	1,632,221	1,808,100	+103,800	+278,200 (6)	2,190,10
e. Administration and coordination of State payments ...	53,887	54,700	+2,800	+15,800 (7)	73,30
Total, Marketing Services	12,523,426	13,020,000	+1,370,400	+795,600	15,186,00
Unobligated balance	391,067	- -	- -	- -	- -
Total retirement costs (P.L. 854) .	- -	- -	[+1,975,100]	[+86,950]	[+2,061,05
Total available or estimate	24,554,806	26,457,000	+1,975,100	+2,236,400	30,668,50
Transferred from "Payments to States, Hawaii, Alaska and Puerto Rico, Extension Service," pursuant to P.L. 94 ..	-925,000	- -			
Transferred from "Removal of Surplus Agricultural Commodities", pursuant to 5 U.S.C. 572 ...	-38,300	- -			
Comparative transfer in 1958 estimates from "Acreage Allotments and Marketing Quotas, Commodity Stabilization Service", for crop estimates data ...	-232,294	-237,000			
Comparative transfer in the 1957 estimates to "Salaries and Expenses, Office of the Secretary of Agriculture"	+21,788	- -			
Total appropriation or estimate	23,381,000	26,220,000			

INCREASES

An increase of $1,440,800 under the subappropriation "Marketing Research and Agricultural Estimates" composed of:

(1) An increase of $1,000,000 under the project "Marketing Research".

Improvement in the marketing and distribution of agricultural commodities is imperative. The volume of consumer dollars continues to increase with a less than proportionate increase going to the producers of farm products. Marketing costs continue to increase while keen competition for the consumers' dollar comes from many sources including greater supplies of industrial goods, wider opportunities for recreation, and easier ways of postponing payments for the more durable consumer goods.

Advances in Preparing and Distributing Farm Commodities Essential. Agriculture can hold its own in this competitive struggle only by making comparable advances in preparing and distributing products from the farm. Food and clothing markets must be augmented by placing before the buyers products that will be preferred over those of other industries. In addition, manufacturers of household goods, furniture, automobiles, paints and innumerable other items must be convineed that agricultural raw materials can meet their requirements satisfactorily.

Many types of research dealing with marketing efficiency and costs, and with availability, quality, and promotion play a vital role in helping producers, processors and distributors of farm commodities do a better job of selling farm products and in gaining a greater share of the total market.

Marketing Methods Affect Volume Sold and Prices Received. The volume of products sold and the prices received by farmers are directly affected by the methods and procedures used in handling, storing, transporting, and distributing. Continuous changes in consumer buying habits, increased consumer buying power, shifts in population, technological developments and geographic specialization in production require many adjustments in marketing methods and practices.

These adjustments, occurring at a rapid rate, present many complex problems directly affecting marketing costs, outlets, waste and spoilage, and the extent and type of services offered to consumers. Again research--marketing research, cutting across boundaries of farm, business, industry, and geographic limitations--is required to provide the best answers.

Expanded Marketing Research as authorized by the Agricultural Marketing Act of 1946, can substantially assist in meeting these needs.

Considerable progress has been made during the past decade in broadening the marketing research work to provide information useful to the solution of marketing problems. Nevertheless, there are many problems which cannot be treated adequately with the resources available.

Current trends in the marketing field tend to intensify these problems. These trends include increased per-unit costs with the resulting interest in more efficient marketing methods, including automation, shifts in handling and selling practices due to changes in consumer preference on basic technological developments, and the increased demand for quality products both at home and abroad. The research advisory Committees, market operators, trade and producer groups, and others have stressed the need for new and expanded research efforts directed toward these, as well as many other problems involved in marketing agricultural products.

The proposed increase would be distributed to work on market development, market organization and costs, improving and evaluating product quality, and market transportation and facilities. In furtherance of this approach and recognizing that some shifts in emphasis may be necessary depending upon the availability of qualified personnel and facilities and unforeseen contingencies, the increase would be used as follows:

(a) $245,000 under the activity "Market Development" for research to assist in expanding the outlets for farm products.

Need for Increase: More effective sales methods in agricultural marketing are required to retain established markets. Farm products are losing markets through serious inroads by products of nonfarm origin. Producers, processors and distributors of agricultural commodities need aid to effectively meet this competition. Grading, packaging and product improvements, and advertising promotion and merchandising improvements represent opportunities for assistance.

Further development of markets is also needed in view of agriculture's ability to produce. Market potential studies are needed to test the opportunities for selling new or improved agricultural products. Consumption of specific commodities can be increased by incorporating desirable changes and improvements in the products. Market tests of sales potential and consumer acceptability are vital to business decisions leading to necessary commercial investments in plant and marketing facilities.

The functions served by merchandising and promotional activities financed and operated by producer groups need to be defined more clearly and their results evaluated. Requests for this assistance are becoming more prevalent.

Plan of Work: The overall plan involves a threeway approach to market development through:

1. Development of information concerning the satisfaction of consumers with the available products and services and the characteristics and performance consumers seek in such products.

2. Cooperation with the regional untilization branches of the

Agricultural Research Service in the development of new products through conducting companion studies in the economic and marketing problems involved in making the most out ot the new products as outlets for farm produced commodities.

3. Providing producers, processors and distributors with further information on the effects of various merchandising practices and advertising and promotion programs; the movement of commodities into consumption in relation to type of retail outlets, geographic location, and characteristics of consuming families; and the extent to which products are distributed geographically and seasonally.

With the requested increase, this market development research program would be expanded to include or provide for increased work on:

1. Expanded research relating to new and existing products, such as studies on:

(a) the basic characteristics of the rice market;
(b) the market potential for fats and oils as plasticizers;
(c) the effect of synthetic sources of nitrogen on the market for oilseed meals; and
(d) the market potentials for new and existing dairy products.

This research would entail cooperation with the utilization research activities of the Agricultural Research Service in exploring new, and expanded and alternative uses for farm products.

2. Studies of consumer and industrial preferences for food and fiber products. Studies of food preferences would be expanded with special emphasis on factors, including attitudes, affecting use and nonuse of various foods by different segments of the population. Also, additional attention would be given to industrial uses of farm commodities -- for example, studies of opinions and trends to determine the potential of a selected industrial use as an increased outlet for cotton.

3. Evaluation and measurement of alternative merchandising methods through the establishment of a consumer reporting panel in a selected city. The panel would provide a means for market testing new or improved products and for evaluating changes in demand and sales brought about by advertising and promotional campaigns for specific products.

4. Special studies on school lunch and related milk programs. A portion of the increase would be used for studies to ascertain the factors that make for successful operations and what changes might contribute toward more active and extensive participation by eligible participants in order to utilize these programs to the maximum extent as outlets for agricultural commodities. This would supplement a study initiated during the current fiscal year, in conjunction with the School Lunch Program.

(b) $225,000 under the activity, "Market organization and costs" for more adequate data on marketing practices, structure, and organization and their impact on costs.

Need for Increase: Farmers received approximately 40 cents out of each consumer dollar in 1956 compared to 52 cents in 1946. Over the last several years, although the retail price on many food items dropped, farmers frequently absorbed more than the price decrease at the retail level.

The reasons for this are not well understood. Analysis of the cost structure for moving farm products to markets through the various business operations is needed by farmers, marketing agencies, consumers, and legislators to help them understand the adjustments in this widening price spread. The influence of rising labor and transportation rates and increasing material and investment costs on marketing spreads is currently a matter of widespread public interest.

Constant changes are taking place in the organization and structure of markets. Expanding sales of foods in frozen form, consolidation of marketing firms in larger integrated units, the possibility of maintaining product quality by the use of radiation sterilization or antibiotics, the continuous shift of jobs from hand to machine labor - all of these changes, and many others, influence prices received by producers. All affect the volume of products moving through the marketing system. All influence the efficiency with which various marketing jobs can be performed.

The nature and magnitude of changes in market spreads must be defined more clearly and the resulting economic impacts measured. This is necessary to determine how undesirable impacts can be minimized or avoided.

Current trends focus attention on marketing costs and opportunities to reduce them. The adequacy of informational services to farmers, marketing agencies, and consumers as aids to buying and selling in the changing marketing system must be continuously evaluated. Similarly, determination of the usefulness and adequacy of present grades and standards in an efficient marketing system is necessary.

Plan of Work: Acquisition of data will be expanded to better inform farmers, consumers, and marketing agencies of changes in marketing costs and margins. Efforts will be intensified to provide more complete information on marketing organizations and policy and to identify problem areas where follow-up research on economic, engineering and biological studies would aid in finding feasible means of coping with currently pressing difficulties.

This concerted effort involves:

1. Emphasizing research on changes in marketing margins, costs,

and operational efficiency and the likely effect of such changes in costs and margins on farm product consumption.

2. Developing more explicit data and information on changes in marketing organization and structure, the effect of these changes on marketing practices, and the resulting impact on costs of marketing and prices at which farm products are sold.

3. Studying services designed to facilitate the buying and selling of farm products, such as market news, to ascertain the changes necessary to better adapt them to current market organization and structure.

In keeping with this approach, it is planned that the requested increase would be used to initiate or expand work on:

1. Marketing margins, costs, and operational efficiency, such as:

   (a) Costs and efficiency in marketing dairy products.
   (b) Impact of the use of food trading stamps on buying and selling practices, costs, and prices.
   (c) Competitive effects of selling beef on the basis of Federal Grades.
   (d) Improved accounting and cost-allocation procedures for poultry plants.

2. Changes in market organizations and structures, such as:

   (a) Effect of the growing size and integration of marketing firms on prices and services at all levels of marketing.
   (b) Changes in dairy marketing practices and their effect on markets and prices for milk.
   (c) Practices employed in marketing refined sugar and their effect on prices and sales.
   (d) Improved merchandising methods and practices for farmer cooperatives and other farmer organizations.

3. Adequacy of services relating to marketing, such as:

   (a) Development of long-range marketing outlook information.
   (b) Economic analysis of present grades and standards.
   (c) Needs for market data by farmers in specialized areas.
   (d) Statistics for dried molasses feed products.
   (e) Development of improved methods for reporting egg and processed poultry receipts at terminal markets.
   (f) Expansion of marketing information on costs and margins.

(c) $350,000 for the activity "Improving and Evaluating Product Quality" directed toward enhancing the attractiveness of farm produce as well as reducing waste and spoilage.

Need for Increase: Maintaining and improving quality during handling, transportation, storage and subsequent marketing is essential to the profitable and orderly marketing of farm products.

Most of the quality losses in marketing channels are of a biological nature. Examples are incipient diseases or infections that cause decay or other spoilage; chemical and physical changes caused by adverse temperatures, humidities and other factors; and insect damage. Although practical application of research findings has substantially reduced losses in a number of instances, acute need exists for additional basic information on the many biological factors which cause quality losses.

Answers to insect prevention and control problems in marketing channels are keenly needed. Adherence to acceptable tolerances for insecticidal residues requires greater care in the use of insecticides. The cause of residues has made each insect control problem in marketing more complex. Much information is necessary on insecticidal residues under each use condition, disappearance after application, accumulation with repeated use and removal by processing or milling methods. The need for limiting insecticidal residues as opposed to the demands of consumers and the Food and Drug Administration for greater freedom from insects requires new and improved insect control procedures.

Development of insect control procedures and information necessary in the insect residue problem in marketing requires facilities which will permit controlled experimentation and observation of the various control procedures.

Losses occurring after crops have left the farm add to the cost of food and lead to consumer dissatisfaction. Losses from spoilage by mold, decay, overripeness, wilting, bruises and the like are particularly important in the light of cumulative costs of grading, washing, packaging, storing and shipping when added to production costs. Problems are constantly arising because of the shipment of new kinds of foods, development of new or more distant producing areas and introduction of new equipment, packages and other technological advances.

Buying, selling and pricing on the farm and in the market place are expedited when quality can be properly identified and evaluated. Quality evaluation methods need improvement to promote better grading of agricultural products and to aid in following quality changes so that protective measures against deterioration and loss can be developed. The development of objective methods to supplement the present subjective standards will aid in the proper identification and evaluation of product quality.

Plan of Work: The improvement and evaluation of product quality through biological research requires the prevention and control of insects

attacking agricultural products, the prevention of spoilage and loss of product quality from disease and other causes, and quality evaluation and development of objective measurements of product quality.

With the increase requested, this research program would be expanded to provide needed facilities and to include new and intensified work on:

1. The prevention and control of insects attacking agricultural products with special emphasis on:

   (a) Insect contamination of processed fruits and vegetables.
   (b) Prevention of insect infestation of products during distribution.
   (c) Control of insects infesting farmers stock peanuts and stored tobacco.
   (d) Control of insects in transportation facilities.

2. Expanded efforts directed toward prevention of spoilage and loss of product quality, including:

   (a) Improved conditioning and storage of grain.
   (b) Methods of cooling fruits and vegetables.
   (c) Protective services for fruits and vegetables.
   (d) Cold storage of seeds, plants, and plant materials.
   (e) Prevention of deterioration of fresh meats.
   (f) Sterilization of food by irradiation.
   (g) Consumer packaging of farm products.
   (h) Postharvest physiology of fruits and vegetables.

3. New or expanded research on quality evaluation and development of objective measurements of product quality for such items as:

   (a) Basic quality evaluation studies for meat.
   (b) Development of quick methods for measuring protein content of wheat.
   (c) Tests for quality of milk solids in dry milk.
   (d) Improved equipment for sampling, testing, or grading seeds.
   (e) Wool quality studies.
   (f) Antemortem criteria for inspection of poultry.
   (g) Studies of factors affecting seed quality.

(d) $180,000 under the activity "Market Transportation and Facilities" directed toward improving physical arrangements, including facilities, equipment, and methods for handling, distributing, storing, and transporting agricultural products.

Need for Increase: Greater productivity in the food distribution industry is a necessity. The industry vitally needs assistance in the development of improved methods, operating practices, and equipment to meet the challenge of constantly rising hourly wages and handling expenses.

Major changes in marketing operations have increased the need for added emphasis in the areas of transportation costs and services and their economic effect on agriculture; improving transportation

facilities, equipment and methods; and developing better shipping containers and packaging for agricultural products. More than half of the fresh fruits and vegetables, 80 percent of the livestock, and comparable portions of frozen foods, dairy products, eggs and poultry now move to market by motortruck. The movement of fresh and frozen meats by truck is increasing. Ten years ago the prepackaging of fruits and vegetables was almost unknown. Now, 15 billion pounds of produce are put in consumer units annually. It is predicted that ten years from now, three-fourths of all produce will be prepackaged.

The demand for technical assistance on planning marketing facilities in specific localities has increased. A number of requests was on hand at the beginning of fiscal year 1957 for this type of assistance. Also, marketing operations are expanding constantly in scope and variety. Development of improved equipment, work methods and plant lay-outs is needed to perform more efficiently the numerous marketing operations and to supply the services desired by consumers.

Plan of Work: Less expensive handling costs would be sought through the adaptation of automation and mechanized methods. These would be applied to transportation facilities and services, and to the functions performed at assembly, wholesale, and retail markets.

The proposed increase would provide for:

1. New or expanded work in improving marketing facilities design, work methods, and equipment such as:

   (a) Planning of marketing facilities in specific localities.
   (b) Improved methods, equipment, and facilities for handling, storing, and marketing tobacco.
   (c) Improved work methods, equipment, and design for fluid milk plants.
   (d) Methods of cooling fruits and vegetables.

2. Additional research in transportation costs and services and their effect on agriculture to include:

   (a) A statistical time series on movements and revenue involved in trucking.
   (b) Studies on volume and nature of truck movements under the agricultural exemption.

3. Increased emphasis in research on transportation facilities, equipment and methods, and better shipping containers and packaging in such fields as:

   (a) Packaging of fruits and nuts into consumer units.
   (b) Development of a more economical unit container for fluid milk.
   (c) Improved shipping containers for fruits and vegetables.
   (d) Protection of perishable foods in transit.
   (e) Improved design of rail cars and trucks for handling grain.
   (f) Improved motortruck and railroad methods and equipment for handling bulk shipments.
   (g) More efficient use of transportation services and facilities by farmers' marketing agencies.

4. Studies in improving wholesaling and retailing methods and facilities to:

   (a) Increase efficiency in distributing food through institutional outlets.
   (b) Improve management practices, handling methods, and facilities for small good stores.

(2) An increase of $183,300 under the project "Economic and statistical analysis" composed of:

(a) $26,000 for improving coverage of outlook and situation analysis and for basic research on factors affecting prices, supplies and utilization of farm products.

Need for Increase: Increasing emphasis is being placed on the improvement and expansion of outlook work, and on statistical studies of demand and supply for agricultural products, involving the application of improved statistical techniques. Expanded coverage of outlook work is particularly needed to provide assistance in the development of regional outlook services. Statistical research in the field of supply-price relationships has the direct effect of strengthening the outlook work and also increases the general understanding of the economic factors affecting farm prices through the dissemination of research results in both technical and popular bulletins.

Plan of Work: The proposed increase would provide for additional cooperation with State and regional groups interested in developing improved outlook materials and services. A portion of the increase will be used for basic research on the effects of price on production of selected agricultural commodities and on factors affecting geographic differences in farm prices.

(b) $157,300 for regular collection of data on farm income and production expenses.

Need for Increase: During fiscal year 1956 a comprehensive survey was conducted of farmers' expenditures covering calendar year 1955. The information was obtained to provide recent data on farm production and living expenditures reflecting the substantial changes in farm technology and living standards which have occurred since before World War II. In addition, information was obtained to provide basic data necessary to develop estimates of farm income, by economic class of farms. The information on production and living expenses is also being used to up-date the weights used in calculating the Parity Index.

Changes in farm technology and living standards continue to occur at a rapid rate. Furthermore, introduction of new farm programs, or changes in existing programs, can have a substantial effect on production and living patterns. These factors make it essential that information on farm income and production expenses be provided on a current basis in order that producers and producer organizations, administrators, and legislators will know what effect these changes have on farmers' costs and expenditure patterns as well as on trends in income by economic class of farm.

Plan of Work: Data on farm income and production expenses would be collected on a regular basis, with surveys designed to provide nationwide information. During the next year, considerable experimental work would be desirable. For example, the proposed increase would allow for cooperation with one or more Land-Grant Colleges in developing a representative panel of farmers who would report income and expenditures on a regular basis. Surveys could also be made in one or more selected areas or States directed

toward determining changes that have occurred since the nationwide survey covering 1955 (probably in Minnesota where the survey for 1955 was sufficiently expanded in cooperation with the State to provide reliable State estimates). This problem of keeping income and expenditure data as current as possible is increasingly important as estimates of both farm expenditures and net farm income are now maintained for each of the 48 States as well as for the United States as a whole.

(3) An increase of $257,500 under the project "Crop and livestock estimates" composed of:

(a) $84,400 for weekly weather crop reports.

Need for Increase: The weekly weather crop bulletins were started as a service to agriculture when the Weather Bureau was in the Department of Agriculture. This service has continued to have the cooperative interest and attention of both agencies since the transfer of the Weather Bureau to the Department of Commerce. The reports are the most popular releases issued on crop conditions between the Monthly Crop Reports, and receive a wide distribution and news coverage. They are used extensively as a source of information on the progress of crops between monthly reports.

In 39 States, collection of data for the weekly weather-crop report is a joint effort of the Agricultural Marketing Service and the Weather Bureau and in many of these States the State Department of Agriculture and the Extension Service participate. In most instances the combined report is issued by the Agricultural Marketing Service State Statistician's Office. In 9 States where there is no cooperation (Florida, Mississippi, Louisiana, Colorado, New Mexico, Arizona, Idaho, California, and Nevada) the Weather Bureau collects both the crop condition data and weather information and issues the weekly reports. Also, in 8 of the 39 cooperating States the Weather Bureau has continued to collect the crop information from weather observers which gives a very inadequate coverage for the State and, because of limited personnel, the State Statistician has been able to give only nominal assistance in reviewing the material and report prior to distribution by the Weather Bureau. In 6 to 8 additional States the list of weekly reporters needs to be increased to provide a better coverage of the State and a more useful report.

The Bureau of the Budget has advised the Department that Weather Bureau forms for the collection of crop condition data will not be approved beyond June 30, 1957. They have requested further that the Department assume responsibility for the collection of all essential crop condition data and cooperate fully with the Weather Bureau in the preparation of the joint release at both State and national levels.

Plan of Work: The Department would assume sole responsibility for collection of crop condition data for the joint weekly reports. This would include extending the collection of data to the 9 States where the Department now has no responsibility as well as in some of the 39 States where weather observers have been supplying the crop data. The proposed increase would provide for additional technical and clerical assistance in State offices where the present staff is inadequate to meet the

weekly reporting requirements. It would also provide a person in Washington to complete and analyze data and to work with the Weather Bureau in the preparation and release of the national weekly summary issued jointly by the Department and the Weather Bureau.

(b) $73,100 for improving estimates of poultry laying flocks and egg production.

Need for Increase: Basic statistical data on the nature and degree of changes in the number of farms keeping chickens and trends in large commercial flocks are essential to the development of reliable estimates of chicken numbers and egg production. The collection and maintenance of these basic data on shifting numbers and operations of poultry farms is so limited at present that the estimates of chicken numbers and egg production do not reflect the desired degree of coverage and accuracy. The extent of revisions in egg production estimates for the 1950-55 period, following the 1954 Census, has emphasized the need for more accurate and current information, particularly on the trend toward large-scale operations. With more adequate coverage of the segment of the rapidly growing poultry industry it will be possible to provide more reliable statistics to enable producers, and the industry as a whole, to do a better job of planning production and marketing.

Plan of Work: The proposed increase would be used to assemble and maintain up-to-date lists of commercial flock owners. The lists would be established from records of hatchery sales, poultry association and marketing agency memberships, taxation records, and other sources to assure complete coverage of the large commercial flocks. Annual surveys would be conducted to determine the current trends in number and size of operations of these commercial egg producers in order that their operations would be adequately reflected in the estimates.

(c) $100,000 for testing alternative methods to improve estimates of Prices Received and Paid by Farmers.

Need for Increase: The continuous increase in dependence on prices received and prices paid by farmers as economic indicators, for computing gross and net farm income, for computing parity prices as guides to program operations - such as determining support levels for loan and purchase operations and activating marketing agreement programs - and for research, calls for more precise and detailed data than the current collection program can produce.

Substantial strengthening of the price program has been achieved in 12 field offices (17 States) as a result of additional funds first made available for this purpose in fiscal year 1951. Acceleration of the processing of data on prices paid by farmers in these States was included, which reduced the frequency of revisions in the Parity Index. The current program of data collection has provided reasonably accurate estimates for many purposes. However, other needs have not been met because primary reliance for data collection has had to be placed on mailed questionnaires. Within the funds available it has not been possible to adopt modern techniques for data collection.

Mail questionnares are subject to limitations. It is frequently difficult to secure a sufficient number of reports to obtain dependable averages, particularly the special items such as farm machinery and the larger items of consumer goods. Mail reporting is frequently on a selective basis which may introduce bias into the sample. It is virtually impossible to assign valid measures of precision to data collected in the present type of program.

These difficulties could be overcome to a considerable extent through a system of collection based on a well designed sample and personal interview of respondents. Objective measurements of actual sales transactions by farmers to the extent that it could be accomplished on a sufficient scale, would provide data to overcome most of the shortcomings under the present program.

Plan of Work: A pilot program of objective measurement of prices paid and prices received by farmers would be initiated in selected States utilizing improved sampling techniques and expanded use of personal interviews for data collection.

Primary emphasis would be directed to the commodity areas in which the present program is most deficient. For prices paid by farmers, these areas include automobiles, farm machinery, the larger items of consumer goods, containers for sale of farm produce, furniture, and some clothing and feed items. For prices received for sale of farm products, major weaknesses relate to prices of certain fruits, potatoes, sweet potatoes, vegetables, and some of the meat animals.

With respect to both prices paid and prices received, attention would be given to refinement in definition or specification of the commodity or the points of sale, to prices at which each is transferred, and the relative quantities for each. For example, some agricultural commodities are sold graded and some ungraded, some are sold retail or to specialized trade and some through highly organized marketing organizations.

If the price received by farmers is to serve accurately in the computations of farm income, such differences in marketing practices, relative quantities, and differences in prices where significant, must be recognized. Similar considerations relate to prices paid and the estimation of expenditures. A survey of farmers to determine channels through which they sell, might be required as a guide for improved sampling methods. The proposed program would be directed toward the developments of techniques for resolving these and similar problems in the price area.

In addition to giving primary attention to as many as possible of the more critical fields, results of the pilot program would be compared with those of the present program to provide orientation and guidance for planning future work.

The pilot program would be conducted in approximately four States, selected on the basis of geographic distribution and commodity problem areas. In the selected States, a corps of enumerators would be trained for collection of basic data needed for developing information for the commodities selected for investigation. Additional technical staff, with supporting clerical assistance, would provide continuing supervision, analysis, and field review of the program.

A net increase of $795,600 under the subappropriation "Marketing Services" composed of:

(4) An increase of $292,000 under the project "Market News Service" for expanding and improving the service in several commodity fields and for improving the over-all service by providing increased technical assistance to States and by strengthening the leased wire service.

Need for Increase: The increase requested is needed to further carry out portions of the Program for Development of the Market News Service which was approved by both Congressional Appropriation Committees in 1951.

Reliable current market information is essential to effective, orderly marketing of farm products. Market news gathered and reported by the Department is disseminated through daily newspapers, mimeographed reports, radio and television. Marketing plans of growers, sellers and buyers of farm products in every State are affected by these market reports.

Market news can continue to be accurate and most useful only if adequate coverage is provided and timely reports issued. The service must keep pace with changes in marketing patterns, in market centers, and in methods of transporting, handling and merchandising farm products. The Market News Development Program contemplates expansion, extension and adaptation of the service to meet changing conditions and to serve current needs.

The need and plan of work for the major categories of the program for which an increase is requested are outlined below:

(a) $27,550 to expand and improve the service on dairy and poultry products.

Need for Increase: The need to improve the services in New England, New York, and Wisconsin results from the continually growing trend toward direct marketing between country processors and terminal market retail distributors. This has reduced wholesale trading on terminal markets to the point that prices reported at this level are no longer fully satisfactory to the needs of the industry. The actual price making machinery is operating to an increasing extent at the producer or country shipper level. The reports now provided in these dairy-and poultry-producing areas carry only terminal market data. If producers and handlers are to have a truly representative market report, it should include "at farm" and country point price and supply data. All three services would be Category II with the States involved contributing an amount equal to the Federal portion.

Rapid Expansion of Poultry Industry in New England. The need in the New England States arises from continued growth of the poultry industry there and the many levels of trading between the producer and retailer. Value of eggs and poultry produced in this region over the past 10 years has increased from $175,000,000 to $234,000,000. An increased proportion of this production is now sold at points other than terminal markets. This area is a major source for poultry for both New York City and Boston. Several research agencies in New England have conducted surveys and have urged that these improvements be made.

New York City Market Suppliers Not Adequately Informed. The need in New York is for prices of eggs at the farm level in nearby producing areas which supply the New York City market. The constant expansion of direct marketing and consumer grading of eggs at shipping point has resulted in major price determinations of the bulk of this commodity being made at the producing point rather than at terminal markets. The New York City market absorbs a large proportion of the total egg production of 22,800,000 cases in the New York egg shed but no more than 20-25% of this production passes through terminal markets for which prices are available. Producers, therefore are not adequately informed of the price and supply situation at any time. Here also, preliminary surveys have been conducted in cooperation with State agencies in New York, Pennsylvania and New Jersey and results indicate a heavy demand for such data.

Madison, Wisconsin, Report Needs to be Expanded. The service in Wisconsin does not now cover eggs and the reports on dairy products of this major dairy producing area are presently limited to reports on cheese and nonfat dry milk. Needed are "at farm" and country point prices on eggs and shipping point prices of additional dairy products, including liquid and dried whey, casein, fluid milk and cream, and butter. Wisconsin, the leading state in the production of milk is a major producer of butter and leads all others in the production of liquid and dried whey.

Plan of Work: The dairy and poultry reports now issued at Boston, Massachusetts would be expanded to include egg prices at country points throughout New England and "at farm" prices for live poultry in the broiler-producing section of Maine. A service would be initiated in New Jersey and Pennsylvania to report egg prices at the farm level in nearby producing areas supplying the New York City egg market. The service now provided at Madison, Wisconsin would be expanded to include egg prices "at farm" or country assembling points and shipping point prices of dairy products, including butter, fluid milk, cream, fluid and dried whey.

(b) $104,765 to further expand coverage of truck movement of fresh fruits and vegetables.

Need for Increase: At the present time, about 55-60% of the total movement of fresh fruits and vegetables is shipped by truck. Current service covers about 50-55% of this movement. By the end of 1957 around 60% will be covered. With the 1957 increase, truck reporting is being initiated at 8 new markets and service in California and New York City strengthened. This will provide truck data for 40 markets. Relative percentage of increased coverage per market declines as others are added because of smalle city population with less tonnage of fruits and vegetables sold. Quick expansion to at least 75 markets is essential to provide broader geographi distribution, closer to complete national coverage and uniform seasonal and annual comparisons. The reports, which carry daily information on consolidated rail and truck receipts at the markets covered, by commodity and by State of origin, are issued on a 24-hour delayed basis. To be of most value to the industry releases should be on a more current basis.

Plan of Work: The increase requested will permit initiation of truck reports at 23 new cities, strengthening service at 3 existing locations and faster tabulation and dissemination of truck reports.

(c) $30,500 to provide for more rapid transmission of market data among the various offices; to relieve the Southern circuit during seasonal peak periods; and to provide for relief teletype operators.

Need for Increase: With the expansion during the past several years of market news service on nearly all commodities reported, the leased wire facilities for transmitting data have become overtaxed to a point where they have been unable to operate efficiently.

During the period 1953-1957 new services have been added as follows:

Commodity Group	Number of New Services
Dairy and poultry products	9
Fruits and vegetables	5
Truck report at additional cities	19
Rice and grains	4
Livestock and meat	9

To meet this problem most economically, the speed of transmission should be increased. In 1956 increased funds were provided to permit the increase in transmission speed from 75 to 100 words a minute on the Western Circuit between Kansas City and San Francisco. Similarly, the Central Circuit is being strengthened in 1957.

A higher speed of transmission on the Livestock and Eastern Circuits and a split on the Southern Circuit is needed to provide improved transmission south of Atlanta during the period of heavy fruit and vegetable marketings in Florida. Additional relief operators are needed to permit uninterrupted service when regular permanent employees take vacations or sick leave. In the past, operators have arranged to take vacations during periods in the year when the workload was at a low point and could be handled by the regular staff. With the expansion of the service as stated above, the workload continues at a high level the year round. Additional temporary operators must be employed to permit permanent operators to take vacation leave as well as sick leave when necessary.

Plan of Work: Necessary equipment would be installed at various points on the Livestock and Eastern Circuits to provide for transmission speed of 100 words per minute. The Southern Circuit which extends from Washington, D. C. to Florida, would be split at Atlanta, Georgia during the period November to June. In so doing, data of local interest coming from points south of Atlanta would not be transmitted further north than Atlanta and data from the north of no interest in the producing areas of Southern Georgia and Florida would not be transmitted South of Atlanta. This would relieve the heavy flow of traffic on the Southern Circuit by limiting the transmission of data sent to the points where they are needed.

One full-time teletype operator would be stationed in Washington and provision would be made to employ teletype operators on a "when actually employed" basis at points in the field when required to relieve regular operators when they go on leave.

(d) $22,000 to place on a permanent service basis the service on direct hog marketings now being furnished as a pilot study at Muncie, Indiana.

Need for Increase: This service on direct hog marketings in the Indiana-Ohio hog-producing area would be a Category II service with the States of Indiana and Ohio contributing a proportionate share. This area, which is located in the central and east central portions of Indiana and the central and west central portions of Ohio, had approximately 5,400,000 hogs on farms on January 1, 1956 or 75 to 80% of the hogs raised in the two states. Of this total production only about 40 percent are marketed through terminal markets in Indiana and Ohio. The remaining 60% are sold direct to packing plants, shipping stations and dealers, but no information is available on a regular basis with regard to these sales. In order to make a determination as to time, numbers and weights of hogs to be marketed as well as prices being paid, producers need data on daily movement, trade action and prices on all marketings--both terminal and direct.

Plan of Work: A service would be established, probably at Muncie, Indiana, and a report issued daily carrying data on receipts, demand, trade action and prices prevailing at 100 or more established hog-buying points in the area.

Two reporters would be available to interview producers, representatives of market agencies, and other buyers on the day's trading. The reporters would tabulate and summarize the data and would release it by radio, television, press association, newspaper, or other available means in such a way that producers would have timely information to assist them in marketing their hogs to best advantage.

(e) $10,400 to expand market news services for two seasonal market news offices to report air-cured and fire-cured tobacco produced in Kentucky and Tennessee and Burley, Type 31, tobaccos produced in North Carolina, Tennessee and Virginia.

Need for Increase: The market news service is an essential aid to farmers in marketing their tobaccos. It goes hand in hand with the inspection service. Additional Burley markets have been designated for free and mandatory inspection during the past several years which has increased the demand for market news services and has required some shifts in methods of collecting and reporting. Over a 10-year period, 1947 - 1956, the number of markets inspected has increased from 147 to 176, or about 20%. During this period no program increase has been provided for Market News service on tobacco.

Prior to the fiscal year 1956 the market news reports for the dark types of tobacco, produced in Western Kentucky and Tennessee, were compiled and disseminated from the Lexington, Kentucky, District Office. This Office is about 300 miles from the principal producing areas for these types of tobacco. Therefore, delay in the dissemination of market news information to growers reduced the value of this service. A market news service is now being conducted on a limited scale at Clarksville, Tennessee. Additional funds are requested for 1958 to provide a service which will answer the need of the producers and to make possible the issuance of a daily service for the press from the Clarksville office.

Additional funds are also needed to expand and strengthen the service now being provided on a limited basis at Greeneville, Tennessee, for Burley tobacco produced in North Carolina, Virginia and Eastern Tennessee. The designation of additional markets, together with the types and qualities of tobacco produced in these areas, require additional reporters to collect this information on the markets.

Plan of Work: The seasonal services at Greeneville, Tennessee, and Clarksville, Tennessee will be strengthened and expanded. One market reporter working approximately 5 months of the year and two clerks, working 3 months each would gather, compile and disseminate the information on both locations.

(f) $96,785 to provide for more adequate technical service to States, relief reporters to assure continuous service at all times, and to strengthen over-all supervision of the program.

This increase is distributed by commodities as follows:

Dairy and poultry products	$21,250
Fruits and vegetables	44,135
Livestock, meats and wool	31,400

Need for Increase: The continuous growth of the Market News Service during its 41 years of operation has been possible due to the cooperation of State and local agencies. In 1921, six years after the first market report was issued, cooperative agreements were signed by and between the U. S. Department of Agriculture and the State Departments of Agriculture of Georgia, Nebraska, North Carolina, Ohio and Wisconsin. By 1956, agreements were in effect with 36 States and the Territory of Hawaii.

USDA has Over-all Responsibility. Under the terms of the cooperative agreements, financial responsibility for operating the program ranges from 25 to 75 percent of either Federal or State funds depending on the nature of the data issued. In all instances, however, the Federal Department provides technical direction over the collection and dissemination of information regardless of whether the service is financed principally from Federal or State funds. This direction consists of technical service to States as well as supervision of the Federal services, in order to maintain a continuous and uniformly high standard of service throughout the country.

The supervisory staff of this service has not kept pace with the expansion of the technical staff. Virtually all the new services initiated in recent years, have been at one-man offices which are operated by one market reporter with clerical assistance. There are at the present time approximately 100 such offices among the total of almost 170 Market News offices located in 45 States. Adequate supervision and coordination of the technical aspects of the work in these offices is essential for an effective service. It is extremely important that steps be taken to correct this situation.

Technical assistance has been provided from Washington and from field offices where available. However, the widespread location and rapid increase in number of field offices necessitates the spreading of Federal supervision and assistance too thinly to be most effective. For example,

in 1946 the Dairy and Poultry Market News Service had eleven terminal market field offices. During the past 10 years this number has been increased to 24. In addition area reporting services have been initiated in 25 terminal and area offices covering 36 commercial producing areas all on year round basis. The number of commodities, classes, grades and levels of trading reported at the different offices have shown similar increases.

Trainees Needed as Replacements. A number of market reporters are eligible for retirement and may leave at any time. To maintain the service at the highest possible level of efficient operation, reporters should be trained and ready to take over as soon as eligibles retire. The training period for such replacement ranges from six months to as much as two years if the reporter is to be capable of handling the full range of reporting service on his own immediate responsibility. In the livestock service alone, there are at least 12 reporters eligible for voluntary retirement.

Plan of Work: The increase requested would provide for salaries and other expenses of 4 additional supervisors, four trainees and clerical help to be placed at locations where the need is greatest. The supervisors would be in travel status during a large part of the year and the trainees would be utilized where needed for relief of employees on sick or annual leave.

(5) A net increase of $209,600 under the project "Inspection, Grading, Classing and Standardization" composed of:

(a) A decrease of $115,500 due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation. Certain space assignment and leasing functions of the various Federal agencies were transferred to the General Services Administration under Section 1 of Reorganization Plan No. 18 of 1950. These functions are applicable only to general purpose space that may be occupied in any of 128 metropolitan areas, and includes the acquiring and payment for space in buildings, the assignment and reassignment of such space, and the operation, maintenance, and custody thereof. The decrease of $115,500 represents the cost of leasing functions which will be assumed by GSA in 1958. The proposed decrease is distributed by work projects as follows:

(1) Cotton and cottonseed	$113,735
(4) Grain (U. S. Grain Standards Act)	630
(9) Tobacco	1,135
Total	115,500

(b) $12,600 for development of new standards for dairy products and improvement in existing standards.

Need for Increase: Requests have been received from the dairy industry for standards for a number of new products which have been developed in recent years. For example, use or type standards are needed for nonfat dry milk as a result of the development of instant milk powder and to meet the requirements of the baking industry for high heat powder and of cottage cheese manufacturers for low heat powder.

Revised standards are needed for grades of butter, nonfat dry milk, dry whole milk, Swiss cheese and new standards should be developed for colby and washed-curd cheese. Continual revision of minimum specifications for approved plants manufacturing, processing and packaging dairy products under U.S.D.A. supervision is required to keep abreast of new products and changing methods of marketing and to develop specifications on an individual product basis. Federal procurement specifications for dairy products have been reviewed and reveal a need for revision on such commodities as ice cream, cottage cheese, and fresh whole, condensed, evaporated and dry milk, butter, and natural and process Swiss cheese.

Little, if any, educational material has been developed to acquaint consumers with the nature and purpose of standards for grades as well as the quality characteristics, uses and care of a number of dairy products. Vocational agricultural instructors, agricultural schools and Land Grant Colleges continue their demand for sediment charts for milk and milk products and for educational material on the judging of milk. There is need to keep up to date and expand a number of publications related to quality standards.

Plan of Work: The increase requested would make possible the addition of two positions whose incumbents would begin immediately to develop the needed new and revised standards mentioned above. Material would be prepared and distributed relating to dairy products standards for use in educational and judging programs by schools. In addition, conferences would be held with quality committees of dairy trade associations, representatives of the dairy industry, personnel at Land Grant Colleges, State Departments of Agriculture, State Departments of Health and other interested parties. The youth training program would be coordinated with the Agricultural Educational Branch, Office of Education of the Department of Health, Education and Welfare. Federal specifications activities will be carried out in cooperation with GSA, Army (QMC) and other Federal procurement agencies.

(c) $25,200 for improving procedures for the inspection of fresh fruits and vegetables and for expanding the work on standards for processed products.

Need for Increase: Of this amount, $13,600 is for use in improving procedures for the inspection of fresh fruits and vegetables. The continuing growth of the fruit and vegetable processing industry has created an ever-growing demand for new techniques and procedures for inspecting fresh commodities destined for processing. At the present time peanuts and tomatoes are the two commodities which present particularly difficult inspection problems and work is urgently needed on development of new and improved inspection techniques.

The remaining $11,600 is needed for standardization work on processed commodities. The key to successful operation of the processed products inspection service, a self-supporting service in the field of fruits and vegetables and other processed commodities with annual costs of approximately $2,400,000, is the ability to keep the grade standards abreast of changes in processing techniques, marketing practices, and improved inspection devices or procedures. With approximately 130 grade standards in effect on processed products, and with the number constantly increasing, there is need for enlarging the studies undertaken preparatory to development or revision of standards.

Plan of Work: With respect to fresh inspection procedures, studies would be conducted into the factors to be considered in inspecting commodities destined for processing. These studies would cover the adequacy of size, the design and selection of the sample as well as the measurement of specific grade factors, application of limiting rules in the standards, use of statistical quality control techniques in packing plants under continuous inspection and revision of grade standards in the light of modified inspection procedures.

Development and promulgation of standards for processed products would be expanded and existing standards would be revised periodically in the light of experience in their application by the inspection service.

(d) $92,500 to expand and improve operations under the U. S. Grain Standards Act.

Need for Increase: Enforcement of Recent Amendment Requires Additional Federal Supervision. Of this amount $47,185 is for implementing P.L. 861, approved August 1, 1956, which amends the U. S. Grain Standards Act. This amendment seeks to correct a critical condition in the grain industry. Complaints from both foreign and domestic buyers of American grain have been received to the effect that the grain received by them has at times not been of the quality which had been certified. Under provisions of this amendment any person who, in the trading process, knowingly violates the law or any of the regulations thereunder by such means as improper sampling and grading, issuing a false certificate, accepting bribes, etc., would be guilty of a misdemeanor and subject to fine or imprisonment.

Grain Handlers and Samplers Now Subject to Penalties. In the past such malpractices on the part of grain handlers, as well as by grain samplers and licensed grain inspectors in some cases, have probably not been detected in many instances. In some cases which have been detected, investigations have not been carried through to completion. This has been due in great part to the shortage of Federal grain supervisors needed to do the work. It has also been due to lack of authority in the existing law to penalize all persons who engage in these practices. Heretofore, authority over such practices extended only to the licensees. The amendment extends this authority to encompass grain handlers and samplers as well.

New Offices Needed to Place Federal Supervisors Nearer Inspection Points. The remaining $45,315 is for expanding the current service as follows:

Grading is mandatory for most grain sold by grade. Under the provisions of the U. S. Grain Standards Act, all grain sold by grade and moved in interstate or foreign commerce, from or to an inspection point, must be inspected and graded by an inspector licensed by the Department. The Department is responsible for the supervision of the grading activities of the licensed inspectors to insure reasonable accuracy and uniformity in the application of the standards established by law, and for handling appeals made from the grades determined by the licensed inspectors. Appeals are made by buyers, sellers, or other interested parties who believe their grain has been or may be improperly graded by the licensees.

Two new grain supervision offices are urgently needed - one at Amarillo, Texas, and one at Lincoln, Nebraska. Supervision of grain inspection at Amarillo is now directed from Fort Worth, Texas, 337 miles away. In addition to Amarillo, supervisors at Fort Worth are responsible for the work of licensed inspectors located at Plainview, Lubbock and Tulia, Texas, which are an average distance of more than 300 miles from Fort Worth. They also supervise the work of licensees located at Fort Worth, Dallas, Sherman, Waco and Wichita Falls, Texas. Because of the large area covered by this office, adequate and efficient service cannot be maintained.

The problem in Nebraska is similar although distances are not as great. In addition to Lincoln, supervisors at Omaha are responsible for the work of licensed inspectors located at Omaha, Columbus, Fremont, Grand Island, and Nebraska City, Nebraska; and Council Bluffs, Iowa. Lincoln is increasing in importance as a grain market with new storage and handling facilities being added. Total grain inspections at Lincoln increased from 14,208 in 1955 to 19,763 in 1956 which was 39 percent. Supervision of inspection at Lincoln is now being handled from Omaha, 60 miles away. Local supervision of inspectors and appeals from their inspections could be handled more promptly and effectively at Lincoln than is now possible from Omaha. This, in turn, would improve the service at Omaha by relieving the supervisors in that office of a large volume of work.

Plan of Work: To carry out the provisions of Public Law 861, a small, well-trained investigatory and enforcement staff would work closely with the inspection supervisors in detecting violations, documenting evidence and determining appropriate action.

To further improve the administration of the U. S. Grain Standards Act two new offices would be established, one at Amarillo, Texas, and one at Lincoln, Nebraska, each staffed with two grain inspection supervisors. These offices would supervise the work of licensed inspectors working within a reasonable distance from those points and would handle appeal inspections from the same area.

(e) $15,700 for technical assistance to States in the development and conduct of livestock grading programs.

Need for Increase: State sponsored programs for the sale of livestock on a graded basis at relatively small markets throughout the country has increased rapidly during the last few years. This method of marketing permits livestock to be assembled for sale in larger lots of more uniform quality than would be possible by individual consignors.

Several years ago the Department gave technical assistance to State Departments of Agriculture and Agricultural Extension Services of approximately six states in establishing this type of program. It is estimated that substantial numbers of livestock will be sold on a graded basis in approximately 25 states during the coming year. In most cases, the grading is performed by state graders or persons under their supervision who attempt to apply Federal grade standards. The effectiveness of these grading programs on a national basis is limited to a large extent by the uniformity and the accuracy with which graders in

all states apply the grade standards. There has been a continual demand from state grading personnel for assistance from the Department in establishing and coordinating these livestock grading programs. The proposed increase is needed to service these many requests.

Plan of Work: Regional grading schools would be organized for state graders and assistance would be given in the coordination of grading between various markets within a state and between the various states. In addition, new educational material would be developed and provided to the States for illustrating the grades and for facilitating the interpretation of Federal grade standards.

(f) $42,100 to extend inspection service to four newly-designated tobacco auction markets.

Need for Increase and Plan of Work: Additional Tobacco Auction Markets Designated. During 1956, tobacco auction markets at Gate City, Virginia Madison, Florida, and Thomasville and Swainsboro, Georgia were designated for free and mandatory inspection under the Tobacco Inspection Act. In order to provide the service at these markets in 1957, funds advanced from the Commodity Credit Corporation, as authorized by law, are being utilized to pay expenses. CCC will subsequently be reimbursed through the appropriation "Reimbursement to Commodity Credit Corporation". However, as inspection will be required on these markets on a regularly recurring seasonal basis, an increase under the appropriation "Marketing Research and Service" is requested for 1958 to cover the permanent, annual costs of these markets. This is in accordance with the general policy, approved in the 1957 Budget, that the regular appropriation for the tobacco inspection activity be increased as soon as practicable after new markets have been designated for mandatory inspection.

Plan for Change in Financing. The service, now being performed under a temporary financing arrangement, is provided by two to three employees at each of the four locations during the marketing season which extends over a period of approximately 6 months. These employees inspect and grade all tobacco sold on these markets in accordance with the Tobacco Inspection Act and Regulations thereunder. This increase would provide in this appropriation funds for tobacco inspection equivalent to the current cost of providing a minimum service on an annually recurring basis.

(g) An increase of $137,000 for furnishing to food inspectors and graders washable outer garments to protect the products from contamination by the inspector or grader.

The proposed increase is distributed by work project as follows:

(2) Dairy products	$5,000
(3) Fruits and vegetables	30,000
(5) Livestock, meats and wool	22,000
(7) Poultry products	80,000
Total	137,000

Need for Increase: Many of the inspectors and graders of the Agricultural Marketing Service must handle food products or perform services in the plants while the food products are in the process of preparation for

sale to consumers. These services include grading of dairy products, inspecting and grading of poultry and poultry products, inspecting processed fruits and vegetables, and grading meat. In order to protect the product and assure clean wholesome food to consumers, it is essentail that such employees wear washable protective outer garments while performing such services.

Agricultural Marketing Service regulations governing these activities provide certain minimum requirements for cleanliness of operations, such as: wearing of clean clothes, head covering under certain conditions, washing of hands, etc. Under current practices, no specific arrangements exist for providing these necessary garments. Accordingly, most of the employees have no choice but to buy and maintain these garments. Thus, inspectors and graders personally bear a significant cost in assuring that food moving to consumers is guarded against contamination.

Since the principal beneficiary of this protection is the consumer, it has been determined that Federal inspectors cannot reasonably be expected to furnish such outer garments at personal expense. It is proposed to finance the cost of such clothing through Federal funds. This proposal would relieve all employees of the expense of purchasing the clothing. The current proposal would not extend to laundering of garments. Inspectors and graders would be required to continue to provide for the laundering of the clothing either through arrangements with the plants in which they work or otherwise.

These activities in Agricultural Marketing Service are financed almost entirely from fees and other charges. It is expected that an increase in fees or charges specifically to cover such an additional cost would bring adverse reactions from the users of these services or from States and other cooperating agencies. It is therefore proposed to finance to the extent possible the furnishing of these garments to the inspectors and graders from the increase requested under this appropriation.

Plan of Work: It is planned that arrangements will be made to provide these garments in the most economical and efficient manner to meet the needs of the service while minimizing the problems of size, local custom, and climatic conditions. These arrangements would include (a) the actual purchase and issuance of the clothing articles, (b) issuance of necessary purchase orders to employees to purchase the clothing on behalf of the Government, (c) reimbursement to the employee for authorized purchases actually made on behalf of the Government, or (d) payment for the costs attributable where they are furnished through available laundry services that provide the clothing as a part of the service rendered.

As in most cases the garment would be the property of the Government, garments in the hands of employees whose Federal employment is terminated would either be turned in to the Government for laundry and reissuance to other employees or other appropriate disposition made.

The estimated cost in 1958 of providing such garments to inspectors and graders is based on the currently estimated program level in 1958.

(6) Increase of $278,200 under "Regulatory Activities" to permit more effective administration of the Federal Seed Act, the Packers and Stockyards Act, and the U. S. Warehouse Act composed of:

(a) $48,050 to strengthen the administration of the import provisions of the Federal Seed Act.

Need for Increase: The Federal Seed Act, administered under this item regulates commerce in agricultural and vegetable seeds for planting purposes. Imported seed must meet certain standards of quality and seed moving in interstate commerce must be completely and truthfully labelled.

The increase requested is for use in connection with import activities. The volume of seed imported into the U. S. increased by about 98% in 1956 over 1955--from 118.8 to over 237.0 million pounds, the latter valued at over 21 million dollars. The increased workload could not be handled efficiently by the available staff. Excessive delays of as much as two weeks in the completion of necessary tests caused dissatisfaction among interested parties. While the volume of imports in 1957 and 1958 is not expected to be as great as was that of 1956, it is expected to exceed that of any other year since World War II. (The large volume of a newly-developed variety of wheat seed imported from Canada in 1956 is not expected to be repeated). The general increase in seed imports is due principally to the interest in grassland farming and the new crop control measures.

Plan of Work: Two seed technologists and one clerk would be added to the staff at each of the two principal ports of entry (Minneapolis, Minnesota, and New Brunswick, New Jersey). One marketing specialist would be added to the staff at Beltsville, Maryland. These employees would be equipped to perform the necessary tests to determine compliance with the requirements of the Act and, if the seed fails to meet the import requirements, would supervise its reconditioning, if requested by the importer, or its exportation.

(b) $178,000 to provide for the posting of additional stockyards and to strengthen the over-all administration of the Packers and Stockyards Act.

Need for Increase: The purposes of the Act are to aid and protect livestock producers in order that they might secure the full, true market value of their livestock and to assure (1) accurate weights; (2) full bond protection of the proceeds of sale; (3) adequate marketing facilities and services at reasonable rates; and (4) protection against unfair, deceptive, discriminatory and monopolistic practices at public markets or by meat packers in commerce. Such assurance to producers would be more nearly realized if all eligible stockyards were posted and supervised as required under the Act.

About Half of Eligible Stockyards Now Posted. As of June 30, 1956, there were 352 stockyards posted under the Packers and Stockyards Act. This is approximately 46% of the yards in the country known to be eligible for posting. With the increased appropriation provided in 1957, it is expected that approximately 100 additional yards will be posted during the current fiscal year. This will bring the total number of yards posted to 452 or 70.6% of those eligible.

Plan of Work: With the increase requested for 1958 it would be possible to post about 150 additional yards and bring the total number of posted yards to approximately 602 or 94% of the eligible yards. It would permit also improved supervision over public livestock markets to assure producers the protection intended by the Act. The investigative program pertaining to buying and selling practices would be accelerated. Findings in these investigations would be analyzed to determine the effect of current marketing practices on prices received by livestock producers and prices paid by consumers of meat and meat food products.

Three supervisory technical positions are needed in the Departmental service. Eleven technical employees in the field would post additional yards and would intensify supervision and investigative work where the need is most acute. The additional yards posted would be in various areas of the country where competition among producers and dealers is aggravated by the fact that posted and non-posted yards are located near one another. Three new suboffices would probably be established to serve as headquarters for both technical and clerical workers.

(c) $52,150 to strengthen the administration of the U. S. Warehouse Act.

Need for Increase: The primary purpose of the U. S. Warehouse Act is to convert stored agricultural products into sound bankable collateral to facilitate the financing required for the orderly marketing of such products. The issuance of Federal warehouse receipts under the Act imposes a considerable responsibility upon the Department. The estimated value of agricultural commodities stored in Federally-licensed warehouses and represented by such receipts now exceeds 2 billion dollars. The Department's responsibility is not a financial guarantee, but assurance that Federal warehouse receipts will be satisfied upon demand by delivery of the products they represent.

The Department, through this activity, serves and safeguards the interests of thousands of producers and others in a way they cannot serve themselves. Ownership of stored products in each licensed warehouse is shared usually by a large number of depositors, who in turn use warehouse receipts to obtain loans from a number of financial institutions. These interested persons are not in position individually to determine that their interests are fully protected, any more than individual bank depositors can conduct comprehensive bank examinations to determine that their accounts are secure.

Adequate supervision of licensed facilities by the Department results in correction of improper practices and methods of operation before they can become serious and jeopardize the interests of depositors, creditors, indemnity companies and others. This preventive approach to regulation carried out through a system of comprehensive, unannounced examinations, is the foundation upon which a high degree of confidence in the administration of the program has been created. The number of examinations per warehouse per year has been declining during the past several years. In 1953 an average of 2.4 inspections per warehouse were made. In 1954 this average declined to 1.98 and in 1955 inspections average only 1.60 per warehouse.

An increase provided in the 1956 appropriation made possible an increase in this average to 1.65. The large number of amended licenses which were issued in 1956 and the increased occupancy of licensed facilities were the principal deterrents to a material increase in the over-all average. Although the number of licensed warehouses increased only 2% (1,545 in 1955 to 1,587 in 1956), the licensed capacity of grain storage increased over 10% and that of cotton more than 7%. Most of the increased capacity resulted from additions to licensed warehouses. There were 391 such amended licenses issued in 1956. The issuance of an amended license requires an inspection similar to inspection for new license. A total of 140 new licenses were issued. The increase provided in 1957 is expected to permit an average of 1.8 inspections per warehouse per year. This assumes an increase in licensed capacity of about 122,000 bales of cotton and 39,000,000 bushels of grain.

Plan of Work: The increase requested for 1958 would permit the attainment of an average of about 2 examinations per warehouse per year. Past experience indicates that this is the minimum number of examinations which should be made to assure fulfillment of the objectives of the Act. The requested increase would be used to increase the staff of warehouse examiners by 7. One of these would be in the Departmental service and would be engaged in the preparation of a handbook or manual for field use, and detailed review of all regulations and would undertake special assignments which cannot now be assumed by the limited Departmental staff. The remaining six would be added to the field staff at established points where the workload increase required additional personnel.

(7) Increase of $15,800 for more complete and intensive technical assistance to States in the matched funds projects for improving the marketing of agricultural commodities.

Need for Increase: The responsibility of the Department under this project is to provide technical assistance to State Departments of Agriculture in conducting marketing service projects under the item "Payments to States and Territories", determine what projects shall be approved, allot funds, check up on the progress of work and on the use of funds, review the work with advisory committees, see that there is proper coordination of work among agencies, and perform other activities essential to the administration of the program.

Federal funds available for payment to the States for carrying on matched fund marketing service projects have doubled in the past 3 years while funds for administration of the program have remained about the same. For two successive years the Advisory Committee on Cooperative Work with State Departments of Agriculture has expressed concern over the limited amount of assistance which the Department has been able to give the States in this work, pointing out the extreme need for technical assistance from specialists in the Department who can bring them research results and the experience of other States and show them the most effective way to solve the marketing problem at hand.

The combined expenditure of State and Federal funds for marketing service projects under this program is almost $2.5 million annually. Funds available for Federal administration, coordination, and technical assistance on these projects amount to little more than 2% of these program expenditures. Much of the work performed under matched fund projects is new to the States and they need help in planning and conducting the projects.

There are now 38 States and 3 Territories participating in this program, and the Federal staff has been able to devote only about one man-year to work in these States assisting them in improving their programs. Most of the time of the persons engaged in the administration of this program has been consumed in allocating funds, checking expenditures, analyzing annual reports and preparing necessary summaries of these reports, reviewing proposals and results with advisory committees, planning and conducting workshops, and other administrative activities. While these activities are basic and essential to the operation of the program, technical service to cooperating agencies is equally essential to assure that funds paid to States are being utilized in the most effective manner.

Plan of Work: The funds requested would provide for salary, travel and other expenses of an additional marketing specialist. This would double the amount of time spent in the States with State Departments of Agriculture and would enhance the benefits derived from the Federal funds now being paid to them.

(8) An increase of $1,975,100 is required to meet retirement costs applicable to the base for 1958, pursuant to Public Law 854. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

The increase represents the net funds needed to maintain the marketing research and service programs at currently approved levels, including those financed from fees and charges as well as those financed by appropriated funds.

In the past the entire Federal contribution towards the retirement fund for employees under all of these activities has been financed from funds appropriated to the Civil Service Commission. The new law proposes that these charges be shifted to the fund from which the employees are currently payrolled.

With respect to those activities for which fees are charged, sudden, across-the-board increased costs which are imposed by law, such as in the current instance, present a serious problem. It does not seem reasonable, as a result of the new law changing the method of appropriating funds for the Federal contribution to the retirement fund, that an increased cost equivalent to 6-1/2% of salary costs should suddenly be added to the fees charged for inspection and grading services; particularly since increases to cover increased pay and travel costs have been promulgated and put into effect within the last year.

Additional increases in fees at this time of the magnitude required to meet these increased costs would create undue strain and possible irreparable adverse effects upon these needed programs.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses necessary to carry on research and service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith: Provided, That appropriations hereunder shall be available pursuant to 5 U.S.C. 565a for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of erecting any one
1 building shall not exceed [$7,500] $15,000, except for two buildings to be constructed or improved at a cost not to exceed $25,000 each, and the cost of altering any one building during the fiscal year shall not exceed $3,750 or [2] 5 per centum of the cost of the building, whichever is greater:

Marketing research and agricultural estimates: For research and development relating to agricultural marketing and distribution, for analyses relating to farm prices, income and population, and demand for farm products, [and] for crop and livestock estimates
2 [; $13,200,000], and for acquisition of land; $15,482,500: * * *

Marketing services: For services relating to agricultural marketing and distribution, for carrying out regulatory acts connected therewith, and for administration and coordination of payments to States; [$13,020,000] $15,186,000, including
3 not to exceed $25,000 for employment [at rates not to exceed $50 per diem, except for] (including employment in rate cases [for which] at not to exceed $100 per diem [may be paid,]) pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in carrying out section 201 (a) to 201 (d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291) and section 203 (j) of the Agricultural Marketing Act of 1946.

The first change in language provides an increase in the limitations for erection, alteration, and repair of buildings and improvements required for the conduct of marketing research and service activities. Under present construction and equipment costs the present limitations of $7,500 for the erection of any one building and 2 per centum for altering any one building imposes a severe restriction for providing adequate facilities.

The present authority was included in the appropriation language for the Agricultural Marketing Service in fiscal year 1956 as a result of the reorganization transfer of certain marketing research activities, including laboratories, buildings, and equipment required for their support. This

authority, including limitations which had been in effect for a number of years on the amounts which could be used for erecting or altering any one building, was previously contained in the appropriation language of the Agricultural Research Service from which most of the scientific activities were transferred.

The marketing research work in Agricultural Marketing Service for which facilities are required are primarily of a biological and engineering nature. The facilities are necessarily of a specialized nature, requiring special installations or construction specifications for controlled temperatures and humidity, special lighting, heavy equipment, etc. Under present conditions the existing limitation on erection of buildings is so restrictive that it is impossible to provide the minimum new facilities required from time to time. Likewise, the 2 per centum limitation on altering any one building is too low to enable alterations except for very minor jobs.

The provision for erection or improvement of two buildings at not to exceed $25,000 for each building is proposed for use in case of emergency. The Agricultural Marketing Service presently has 13 buildings valued at approximately $200,000. These buildings, which are used for controlled experiments on insect infestation of stored products, are of a temporary type construction, erected originally for the National Youth Administration. The loss of any of these buildings by fire or other catastrophe would require prompt replacement in order that the Stored Product Insects Research Program would not be seriously disrupted. Under the proposed authority immediate corrective action could be taken without delay.

The second change provides authority for the purchase of land as sites for Government-owned buildings now located on leased land. Currently, arrangements are in effect under short-term leases to the Government. These require not only time-consuming negotiations but also present the possibility of having to pay increasingly higher rental rates or even disruption of the marketing research programs. Accordingly, authority is requested to acquire sites as permanent locations for the structures and facilities involved.

The third change deletes language authorizing payment of not to exceed $50 per diem for individuals employed as experts, consultants, or advisors. Existing basic law (5 U.S.C. 55a) authorizes payment of per diem rates equivalent to the highest rates payable under the Classification Act of 1949, as amended, unless higher rates are specifically authorized by appropriation or other law.

Since the difference between the amount which may be paid under the Classification Act and the present limitation is now insignificant ($1.28), it is not believed that special language is warranted and should be deleted in the interest of shortening and simplifying the wording of the appropriation bill. The remaining changes in this item are necessary because of the proposed deletion of the limitation of the $50 rate.

STATUS OF PROGRAM

The work under this appropriation consists of research and service to improve and develop the domestic marketing and distribution of agricultural commodities. The functions are divided into two subappropriations as follows:

1. Marketing Research and Agricultural Estimates.

2. Marketing Services.

Each subappropriation is further divided into financial projects. Current activities, progress and trends are presented below on the basis of the financial projects.

MARKETING RESEARCH AND AGRICULTURAL ESTIMATES

I. Marketing Research

Current Activities:

Marketing Research is directed toward the development of expanded markets for agricultural products, reduction of losses from waste and spoilage, and reduction of marketing costs through improved marketing efficiency and organization. This includes study and investigation of:

a. the uses and market acceptance of new and established agricultural products, techniques for analyzing consumer market behavior, market potentials, and methods of merchandising;

b. trade in specific agricultural commodities, including measurements of costs and margins, market organization and practices, and improvement in market information;

c. the biological, physical and economic aspects of measuring, maintaining, and improving product quality; and

d. transportation rates and costs, and marketing facilities, equipment and handling methods.

The research is designed to benefit all of the major agricultural commodity groups and as many of the other commodities as possible, and to provide research at each stage of marketing, such as in assembly points, terminal or central markets, and retail markets.

A major portion of the research is conducted in cooperation with the Land-Grant Colleges and other public and private agencies, and under contract. This provides the program with the benefit of research resources and facilities which would otherwise not be available, permitting the application of a higher degree of specialization to specific marketing problems.

In fiscal year 1956:

a. Approximately 77 lines of work were completed or discontinued. During the same period work was started on approximately 93 new lines of work.

b. Cooperation with the Utilization Research Branches, Agricultural Research Service, was expanded for the market development activity. This cooperative research is concerned with defining the needs for product changes in order to strengthen or expand markets, ascertaining the place for new products, and apprising agricultural industries in more specific terms of the nature of the problems they face and what they can do about them.

c. Research findings under the expanded farm-to-retail price spread studies were disseminated in more than 25 reports. Special emphasis was directed toward achieving a fuller application of findings, and providing the State extension services with information in the forms most useful in reaching producers, consumers, and other groups.

d. Basic research was conducted on the value of atomic irradiation for the control of post-harvest diseases of fruits and vegetables.

e. Technical assistance was given in planning and constructing improved marketing facilities for various farm products in 21 localities.

Selected Examples of Recent Progress:

1. Farm-to-retail price spread studies greatly expanded and given wider publicity. More than 25 costs and margins reports measuring the components of the food marketing bill were issued during the year. In order to make the findings available as promptly as possible, in several cases both a comprehensive report and brief summary of principal conclusions were issued for individual reports. In some cases, issues exceeded 50,000 copies, and even wider distribution was obtained through reprints appearing in trade journals and other publications. Four radio programs for presentation on national chains were prepared and three television package programs were presented. Following are examples illustrative of the range and contents of these reports:

   a. Components of beef and pork marketing bill. Separate reports on beef and pork were issued. These publications reported both trends in overall margins as well as illustrative case studies in costs, prices, and returns to farmers, feeders, packers, wholesalers, and retailers. For beef, retail prices remained fairly stable during the last half of 1954 when farm prices of cattle were rising, and also during 1955 when farm prices generally declined. Both the upswing of cattle prices late in 1954 and the downswing in 1955 were greater than they would have been had marketing margins remained stable.

b. Total marketing bill increased from 9 billion dollars in 1940 to 32 billion dollars in 1955. In 1940 consumers spent 14.5 billion dollars for food, and of this amount farmers received 5.5 billion dollars. In 1955, consumers spent 51 billion dollars for food, and farmers received approximately 19 billion dollars. The biggest factors in the increase in the marketing bill were the rising level of costs of supplies and labor used by marketing firms. These accounted for 13 billion dollars of the increase. The additional volume of food handled caused the marketing bill to increase by 4 billion dollars, and the additional services incorporated with food since 1940 added 6 billion dollars to the bill. These findings, together with the related material for various separate food groups have been of value to many individuals and groups concerned with the increasing size of the marketing bill.

2. Cotton is leading fiber in teenager's wardrobe. A fiber preference study among teenage girls indicates that cotton is the leading fiber in the teenager's wardrobe, stemming mainly from its excellent laundering qualities. Other desirable features of cotton mentioned were its light weight, coolness, durability, versatility and inexpensiveness. The industry and research organizations have found the results of this study to be very useful as an up-to-date assessment of the relative market for natural fiber products as compared to artificial fibers.

3. Consumers' preferences in bakers' white pan breads studies to increase consumer acceptance. This study provided the baking industry with knowledge of preferred formulas for proportions of lard, sucrose, and nonfat milk solids to be used. In addition, the study showed the pattern of use and opinions about bakers' white pan breads including a marked preference for the large, low-density type of loaf over a loaf containing the same ingredients but prepared and baked to a more compact size.

4. Market tests showed frozen grapefruit sections, a new product, to have good commercial possibilities. A market test of frozen grapefruit sections, a new product, was completed in cooperation with the Florida Citrus Commission. The test indicated that this product can contribute to expanding consumption and extending the marketing season for grapefruit. Five out of 10 homemakers included in the study were aware of the product after only a few weeks of promotion. Two out of 10 purchased the product. Of those who purchase, 7 out of 10 made repeat purchases and most purchasers expressed satisfaction with the product.

5. Household purchase data for fluid milk made available to dairy industry for first time. These national estimates of monthly household purchases of whole fluid milk and other fluid milk are being widely used by the dairy industry in bringing about a more effective advertising and promotional campaign.

6. Farmers can increase premiums for high protein wheat through improved handling and marketing methods. A recently completed study of high protein wheat marketing indicated specific producer benefits from storage after harvest, segregating by grade, protein, variety of field and sampling and testing prior to delivery. One third of the producers interviewed reported intentions to farm-store wheat for a longer time in order to obtain more of the protein premium.

7. Excessive use of lint cleaners reduces producers' income. A highly significant situation indicated in a new research report on cotton is that in the 1954-55 season, one-third of the cotton gins in operation were equipped with lint cleaners and that at 7 out of every 10 of these gins, every bale was run through these cleaners. This means that a large amount of cotton was cleaned at a loss to growers since in the case of bales which would grade middling or better prior to lint cleaning, the value of the resulting loss in weight is generally greater than returns attributable to any improvement in grade.

8. Overseas shipping tests for Florida and California citrus showed necessity of precooling. To minimize spoilage and to market a better quality fruit in Europe, precooling of the fruit before loading was found to be essential. The fiberboard boxes recently adopted for citrus and the tight stowage in the ships holds retards cooling, but if properly precooled, the ships' refrigerator equipment was found able to maintain the cargo at the desired temperatures.

9. Marketing of stored grapes improved by use of decay forecasts. A method was developed and successfully applied under commercial conditions for accurately predetermining the storage potential of different lots of California grapes within 10 days after they were stored. The information gained in this manner is being used to market grapes with high potential decay early and hold lots that are less likely to decay for a more favorable market late in the season, saving many dollars in storage decay and providing the trade with sounder fruit from late storage stock.

10. Successful field trial for green-rot detector for eggs. The laboratory model of a green-rot detector was tested in an egg-breaking plant in the Midwest, and it was found to eliminate eggs contaminated with green-rot bacteria. If the present results are confirmed, the new detector may have many advantages for the egg-breaking and egg solids industry. Not only will their products be more uniform and wholesome, but the marked decrease in bacterial load essentially presents the industry with a new product that may have unforeseen potentialities.

11. Market facility planning studies made at nine locations. During the year, additional studies were made for the purpose of developing plans for improved facilities in specific localities. These included wholesale food centers or produce markets in Worcester, Massachusetts; Roanoke, Virginia; New York City; New Orleans, Louisiana; Chester, Pennsylvania; Vincennes, Indiana; San Francisco, California; Grand Rapids, Michigan, and livestock marketing facilities in Fort Worth, Texas.

12. Costs of packing-house movement of potatoes reduced by use of flumes. By use of flumes, in combination with a potato elevator, to move potatoes from deep storage bins to the packing line, one worker replaced a 4 to 6 man crew. Where a firm formerly used a 4-man crew, 24 hours of labor per day are saved. At a wage rate of $1.50 per hour, the packing house operator can realize a saving of $36 per day and at the same time do a better handling job with fewer injuries to the potatoes.

13. Demountable, lightweight, general purpose shipping pallet developed. By full scale adoption of a fabricated, light weight pallet, that can be knocked down and easily reassembled in factory or field, it is believed the food industry could realize total savings of $5 million annually. It was developed by the Department and weighs 35 pounds compared to the usual 75 to 110 pounds for other pallets of the same capacity. Disassembled, the units may be bundled into compact unit loads for rapid handling. Another advantage of the pallet is provided by the greater air circulation under the load than is possible with other pallet designs.

14. Master layout guides published for livestock auction market facilities in Southeast. As a guide for remodeling various types of livestock auction markets in the Southeast, or for the construction of new markets, four improved layouts were prepared for inclusion in a report on "Livestock Auction Markets in the Southeast - Methods and Facilities". These layouts should improve the flow of livestock through markets, reduce labor requirements, and minimize injuries to livestock. The design of sales barns, fences, gates, docks, and chutes also is covered. Use of this material by market operators should minimize construction and maintenance costs.

15. Improved container developed for plums could save industry $1 million per year. This new shipping container for fresh plums costs less than the conventional 4-basket crate, is faster and cheaper to pack, permits more accurate sizing and delivers the plums to the consumer in good condition. A number of carloads of plums was shipped commercially in the new containers during the 1955 marketing season. A further increase in commercial shipments is expected during the 1956 plum marketing season, indicating the likelihood of gradual adoption of this new container by the plum industry.

16. "Protection of Perishable Agricultural Food Products During Transportation by Motortruck" - a handbook for truckers, published. This handbook includes recommendations as to desirable temperatures and relative humidities at which a large number of perishable products, including the major fresh fruits and vegetables, dairy, poultry, meat products, and frozen foods should be transported. Suggested loading, refrigeration, and sanitation practices for the prevention of cargo loss or deterioration are also included.

17. Bulk handling of citrus indicates savings of 6 to 11 cents per box. As a result of research conducted over the past few years, several firms in Florida now move citrus from grove to plant with bulk handling equipment rather than in the traditional field boxes, with indicated savings of 6 to 11 cents per box. Similar research has been conducted in California with promising results. The bulk system must be adapted to local cultural conditions, but there is now sufficient back-log of experience to design a bulk handling method which should meet the needs of most citrus packinghouses.

18. Survey of frozen food locker plants indicates substantial changes since 1950. A survey of 6,400 frozen food locker plants--60 percent of all plants in the industry--indicates significant changes since a comparable survey in 1950 were:

a. A net increase in all patrons served from 4.4 million to 5 million.

b. An increase in food custom processed from 1.2 billion to 1.4 billion pounds. An additional 250 million pounds was processed for retail and wholesale outlets.

c. A one-third increase in volume of livestock slaughtered.

d. An increase in volume of commercial sales which totaled $275 million.

e. A general increase in number and variety of activities performed, particularly those activities related to processing of food for sale.

The increases occurred despite a decline of almost 1,000 locker plants and approximately 800,000 lockers rented from 1950 to 1955. The survey results are being used by the frozen food locker industry, Office of Defense Mobilization, other Government agencies, colleges and others.

19. Ginners cannot accurately estimate cottonseed yield from individual bales or loads of seed cotton. A study of the various formulas used by ginners to estimate cotton seed yield showed conclusively that the quantity of cottonseed ginned from individual bales or loads of seed cotton cannot be estimated accurately. Errors of more than $1 per bale are made on one out of every three bales. Such errors significantly affect the incomes of both the ginner and the individual growers since about half of the cottonseed bought from farmers by ginners is paid for on estimated weights. This study showed that the most satisfactory solution to the problem appears to be the use of scales at gins for weighing the cottonseed ginned from individual bales or loads of seed cotton.

II. Economic and Statistical Analysis

Current Activities:

This project covers the gathering, analysis, and interpretation of information on agriculture as a whole and for specific items including many statistical series relating to farm income, prices, population and labor, and agricultural situation reports for important crop and livestock products. The major objective of the work is to keep farmers and others concerned with agriculture fully informed on both the present and prospective agricultural situation through regular reports and special analyses for specified commodities and geographic areas.

Selected Examples of Recent Progress:

1. Commodity outlook work given increasing emphasis. The persistence of surplus supplies and declining prices during the past fiscal year was accompanied by increased interest in outlook analysis for most of the major farm commodities.

   In the livestock area, there has been increasing demand for outlook analyses of a regional character. Special presentations of the livestock outlook were made before regional meetings for the North Central and Northern Plains areas, and at meetings in California and several other States. Continuing assistance was given to the Western Regional Livestock Project which is directed toward the development of a special outlook service for livestock producers in the 11 Western States.

   With export demand a factor of growing significance on domestic prices of fats and oils, increased emphasis was given to appraisal of the export demand situation in this commodity area. In the dairy field, estimates were made of the relative significance of the disposal programs of CCC and the consumption of dairy products from commercial sources.

   Producers of poultry were warned of overexpansion of production that usually follows a year of favorable prices. Special attention was given to the effects of the system of financing production of broilers by feed companies, which is a major influence affecting the volume of broiler production.

   Commodity outlook specialists have also provided analytic services in a number of fields, including continuing studies of two price support plans for wheat, of alternative methods of supporting the price of cotton, and of possible improvements in the parity formulas.

2. Appraisals made of differences between early season and final estimates of supply and demand factors used in outlook analysis. In a continuing research project, measurements have been made of the reliability of early season appraisals of supply and demand factors affecting the major commodities as compared with the final outcome. Reports have been completed on feed grains and hay and also on oil seeds, fats and oils. The forecasts of disposable income used in

October as indicators of domestic demand for these commodity areas during the coming year account for between 85 and 90 percent of the variation in actual year to year changes of this factor.

With respect to feed concentrates analysis of forecasts of total supply indicate that at the beginning of the feeding year in October, approximately 97 percent of the year-to-year variation in total supply can be anticipated. Also, forecasts at that time of grain consuming animal units to be fed during the forthcoming October-September feeding year explain about 93 percent of the year-to-year variation in the final figures.

In the case of fats and oils, October forecasts for total drying oils typically account for about 85 percent of the final outcome, and for lard, over 95 percent. Early season estimates for edible vegetable oils, butter, and soap fats are not so close.

3. New statistical studies to measure factors affecting price and utilization of wheat. A system of statistical relationships has been developed to measure the effects of the principal economic forces that influence prices and utilization of wheat. These relationships provide quantitative answers to such questions as (1) How does a given change in the world supply of wheat affect world prices? (2) What factors influence U. S. exports of wheat? The results of this study were published in Technical Bulletin No. 1136, "The Demand and Price Structure for Wheat."

4. Field work on farmers' expenditure survey completed. The field work for this survey to produce up-to-date weights for the parity index and improve net farm income estimates was completed in February and March 1956. The Bureau of the Census cooperated closely in all the field and other work. It is expected that publication of the joint Census-AMS report on the results of this survey will be made early in calendar year 1957.

5. Changing commodity make-up of each State's cash receipts from farming graphically analyzed. As a result of a substantial number of requests from Congressional and other sources, the marked long run changes in the character of agricultural production and marketings in the States was analyzed. The current pattern of agricultural production in each State is the product of an evolutionary process, as farmers try to meet changing demand both in quality and variety of agricultural commodities. A graphic analysis of this process was published in Statistical Bulletin No. 186 entitled "Cash Receipts from Major Farm Commodities by States as Percentage of State Totals, 1924-55".

6. Planning for field studies on rural development program for low-income farmers completed. Preliminary planning of the field work for the studies of low-income farmers was undertaken to facilitate more rapid progress in the coming year. Field studies will be started in the current year in several States including Georgia, Mississippi, Louisiana, Ohio, and Pennsylvania. The studies will provide an appraisal

of the (1) availability and utilization of educational facilities for rural youth in low-income areas and the relationship between type of education received by rural youth and their later socio-economic status, occupational adjustments and migration histories; (2) utilization of health facilities and participation in voluntary health insurance programs; and (3) effects of extension of social security to farmers in low-income areas.

7. Farm-operator family level-of-living index rose 15 percent from 1950 to 1954. Work was completed on the computation of the 1954 farm-operator family level-of-living indexes for counties and other areas of the U. S. For the country as a whole the level-of-living index rose to 140 or about 15 percent above 1950. Percentage increases ranged from 8 in New England to 30 in the East South Central area. Most counties showed substantial improvement in level of living during the period.

III. Crop and Livestock Estimates

Current Activities:

Basic statistical and economic data relating to food and agriculture are gathered, analyzed and published, including acreages, yields, production, stocks, value and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products; and such related data as prices received and prices paid by farmers. Thousands of farmers, processors, merchants and others serve as volunteer reporters and these reports are supplemented by field observations of the Department's statisticians and other data to provide the many estimates and reports issued for public information. A schedule showing the release dates for the reports to be issued in calendar year 1956 follows:

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
CROP REPORTING BOARD

1956 CALENDAR 1956

RELEASE DATES 1956

CROP, LIVESTOCK, AND LIVESTOCK PRODUCTS REPORTS RELEASE DATES

RELEASE DATES 1956

Day	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Day
1	Sunday	Canned Poultry	Mohair Production and Income; Canned Poultry; Evap., Condensed & Dried Milk; Chicks Placed Wkly. in Important Broiler Areas, Rev. Estimates 1955	Sunday	Canned Poultry	Canned Poultry	Sunday	Canned Poultry	Saturday	Canned Poultry; Evap., Condensed & Dried Milk	Canned Poultry	Saturday	1
2	Holiday			Canned Poultry		Saturday	Production & Disposition of Non-Citrus Fruits; Canned Poultry	Stocks of 3/4 Field Seeds; Production of Shorn Wool	Sunday			Sunday	2
3	Canned Poultry		Saturday			Sunday			Labor Day		Saturday	Canned Poultry	3
4		Saturday	Sunday				Independence Day	Saturday	Bromegrass & Wheatgrass Seeds; Canned Poultry	Red Clover Seed	Sunday		4
5		Sunday			Saturday			Sunday					5
6					Sunday		Kentucky Bluegrass Seed			Saturday			6
7	Saturday			Saturday	Farm Production, Disposition and Value of crops (Field & Seed); Slaughter Revisions		Saturday		Ladino Clover Seed; White Clover Seed	Sunday			7
8	Sunday			Sunday	Cotton Revisions		Sunday	Cotton	Saturday	Cotton	Cotton	Saturday	8
9			Crop Production; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Farm Production & Income from Chickens&Eggs, including Com'l. Broiler Production		Saturday	Cotton		Sunday	Honey Production and Stocks	Crop Production; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Sunday	9
10	Crop Production; Cabbage Stocks; Com'l Vegetables for Fresh Market and Processing	Crop Production; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Saturday	Crop Production; Com'l Vegetables for Fresh Market and Processing; Farm Labor	Crop Production; Sugar Beet Revisions; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Sunday	Crop Production; Peanut Revisions; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Crop Production; Com'l Vegetables for Fresh Market and Processing; Farm Labor	Cotton	Crop Production; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Saturday	Cotton	10
11		Saturday	Sunday		Early Lamb Situation; Turkeys and Chickens Tested	Crop Production; Sugar Crops Revisions; Com'l. Vegetables for Fresh Market and Processing; Farm Labor	Orchardgrass Seed	Saturday	Crop Production; Com'l. Vegetables for Fresh Market and Processing; Fields Cleveland	Alfalfa Seed	Sunday	Crop Production; Com'l. Vegetables for Fresh Market Cabbage Stocks; Farm Labor	11
12	Farm Labor; Sheep and Lambs on Feed; Turkeys&Chickens Tested; Milk Production	Sunday	Early Lamb Crop; Young Chickens & Potential Layers on Farms; Turkeys &Chickens Tested; Milk Production	Turkeys & Chickens Tested; Milk Production	Saturday	Milk Production; Turkeys & Chickens Tested; Bluegrass & Orange Pastures	Milk Production; Hybrid Corn; Turkeys & Chickens Tested	Sunday	Milk Production; Turkeys & Chickens Tested	Mustard Seed; Production, Disposition & Value of Citrus Fruits; Turkeys & Chickens Tested; Milk Prod.	Holiday	Milk Production Turkeys & Chickens Tested	12
13	Farm Disposition & Sales of Fruit & Nut Crops; Hatchery; Expected Turkey Production	Number & Value of Livestock & Poultry on Farms, January 1; Turkeys & Chickens Tested; Milk Production			Sunday	Lupine Seed		Milk Production; Turkeys & Chickens Tested; Production, Disposition, & Value of Tree Nuts		Saturday	Lamb Feeding Situation; Turkeys & Chickens Tested; Milk Production		13
14	Saturday			Saturday	Milk Production		Saturday		Sweet Clover Seed; Hatchery; Cold Storage	Sunday		Hatchery; Cold Storage	14
15	Sunday	Hatchery; Cold Storage	Hatchery; Hatchery Revisions-Chick & Poult Production by Months; Cold Storage	Sunday	Hatchery; Cold Storage	Hatchery; Cold Storage	Sunday	Potato & Sweetpotato Disposition	Saturday	Hatchery; Cold Storage	Lespedeza Seed; Hatchery; Cold Storage	Saturday	15
16	Cattle on Feed; Cold Storage; Fluid Milk & Cream		Prospective Plantings	Intended Acreage & Prospective Production of Vegetable Seeds; Cattle on Feed; Hatchery; Cold Storage; Farm Production, Disposition & Income from Milk	Annual Naval Stores	Saturday	Cattle on Feed; Hatchery; Cold Storage	Winter Cover Crop Seeds & Crimson Clover in Oregon; Hatchery; Cold Storage	Sunday	Sudangrass Seed	Semi-Annual Naval Stores	Sunday	16
17	Acreage & Production of Vegetable Seeds	Naval Stores; Fluid Milk & Cream	Saturday		Fluid Milk & Cream	Sunday	Tall Fescue	Fluid Milk & Cream; Naval Stores; Stocks of Vegetable Seeds; Bentgrass, Merion Bluegrass, & Fescues Seeds		Cattle on Feed; Fluid Milk & Cream	Saturday	Annual Summary of Principal Crops; Season Av. Price & Value of Crops; Annual Summary of Com'l. Vegetables for Fresh Mrkt. & Processing	17
18	Naval Stores	Saturday	Sunday	Naval Stores; Fluid Milk & Cream	Naval Stores	Naval Stores	Naval Stores; Fluid Milk & Cream	Saturday	Naval Stores; Fluid Milk & Cream	Naval Stores	Sunday	Naval Stores; Fluid Milk & Cream	18
19	Potato Stocks; Onion Stocks	Sunday	Naval Stores; Fluid Milk & Cream		Saturday	Crimson Clover Seed; Fluid Milk & Cream	Redtop Seed-Ill.	Sunday			Naval Stores; Fluid Milk & Cream	Hay, Winter Wheat & Rye Tonnage; Annual Summary of Seeds	19
20	Wholesale Grocers' Stocks of Evap. & Condensed Milk	Calf Crop Report	Hop Stocks	Vegetables for Com'l. Processing; Wholesale Grocers' Stocks of Evap. & Condensed Milk	Sunday		Vegetables for Com'l. Processing; Wholesale Grocers' Stocks of Evap. and Condensed Milk			Saturday		Fall Pig Crop	20
21	Saturday			Saturday	Vegetables for Com'l. Processing	Spring Pig Crop	Saturday	Cranberries Forecast	Hop Stocks	Sunday		Apples by Varieties	21
22	Sunday	Washington's Birthday		Sunday		Vegetables for Com'l. Processing	Sunday	Redtop Seed-No.; Timothy	Saturday	Wholesale Grocers' Stocks of Evap., & Condensed Milk	Thanksgiving Day	Saturday	22
23	Grain Stocks		Peanut Stocks and Processing; Liquid & Dried Eggs	Grain Stocks		Saturday	Grain Stocks		Sunday	Grain Stocks		Sunday	23
24	Peanut Stocks & Processing; Liquid & Dried Eggs; Turkey Breeder Hens; Production & Value of Honey & Beeswax	Peanut Stocks & Processing; Liquid & Dried Eggs	Saturday	Peanut Stocks & Processing	Peanut Stocks & Processing	Sunday	Peanut Stocks & Processing	Peanut Stocks & Processing; Liquid & Dried Eggs	Peanut Stocks & Processing; Liquid & Dried Eggs		Saturday	Peanut Stocks & Processing	24
25		Saturday	Sunday	Liquid & Dried Eggs	Liquid & Dried Eggs	Peanut Stocks & Processing; Liquid & Dried Eggs	Liquid & Dried Eggs	Saturday		Peanut Stocks & Processing; Liquid & Dried Eggs	Sunday	Christmas Day	25
26		Sunday	Farm Production & Income from Turkeys		Saturday		Revisions of Specified 1955 Grass Seed Crops; U.S. Lamb Crop	Sunday			Peanut Stocks & Processing; Liquid & Dried Eggs		26
27		Wool Production & Income; Revisions of Monthly Egg Production		Prices; Farm Production & Income from Meat Animals	Sunday		Prices; Chickens Raised on Farms, preliminary Estimates			Saturday		Liquid & Dried Eggs; Certified Seed Potatoes	27
28	Saturday			Saturday			Saturday	Turkeys - Numbers Raised	Prices; Slaughter	Sunday			28
29	Sunday	Prices; Slaughter		Sunday		Prices; Evap., Condensed & Dried Milk Slaughter	Sunday		Saturday			Saturday	29
30	Com'l. Broiler Production (Important States)		Prices; Evap., Condensed & Dried Milk; Slaughter	Soybean & Flaxseed Stocks; Evap., Condensed &Dried Milk Slaughter	Holiday	Saturday	Soybean & Flaxseed Stocks; Calf Crop; Honey Report		Sunday	Soybean & Flaxseed Stocks; Prices	Evap., Condensed & Dried Milk; Slaughter; Prices	Sunday	30
31	Prices; Evap., Condensed & Dried Milk; Slaughter; Turkeys & Chickens Slaughter		Saturday	Prices; Evap., Condensed & Dried Milk; Slaughter			Meat Scraps & Tankage; Evap., Condensed, & Dried Milk; Slaughter	Prices; Evap., Condensed & Dried Milk; Slaughter		Evap., Condensed, & Dried Milk; Slaughter		Prices; Evap., Condensed & Dried Milk Slaughter	31

- LOCK-UP REPORTS

Selected Examples of Recent Progress:

1. Development of new and improved sampling techniques for crop and livestock estimating was continued. Principal accomplishments in fiscal year 1956 of the program for the progressive improvement in sampling, estimating and forecasting methods were as follows:

   a. In the 10 Southern States, the improved sampling and objective plant count procedures were placed on an experimental operating basis.

   b. In the Corn Belt, pilot field studies were initiated. These included objective yield forecasting studies on corn and soybeans, and studies on corn quality.

   c. Objective methods for forecasting cotton yields worked out well even for early-season forecasts when all of the fruit is not yet set. The methods remain untested under unusual disease or severe weevil infestation conditions.

   d. For corn, preharvest objective yield indications are consistently higher than reported yields. The indication that farmer's reported yields are too low, will be tested during the 1956 season, when all corn harvested from selected sample fields will be weighed.

2. Potato growers furnished more detailed information on seasonal distribution of supplies. For the first time, estimates of acreage, yield and production of potatoes were made by the following seasonal groups: winter, early spring, late spring, early summer, late summer, and fall. This seasonal program of potato estimates, which furnishes some indication of crop disappearance, should assist materially in the orderly marketing of the crop.

3. Plans completed for issuing all vegetable estimates on a weight basis. The use of a homogeneous hundredweight unit (pounds for strawberries) will overcome a source of confusion in industry's use of the vegetable statistics. For 36 years the Crop Reporting Board has prepared vegetable estimates in terms of units commonly used for marketing individual commodities, which was subject to the problems of changes in weights for standard containers, varying weights of units defined by volume, and absence in uniformity in containers used. It was to overcome these problems that the change was made.

4. Special report helps turkey industry to adjust supply to demand. This report, needed by the turkey industry to get information early enough to make adjustments, showed the number of breeder hens intended for supply flocks for the 1956 season compared with 1955 for light and heavy breed type turkeys. It provided a full look at the future not revealed by testing records until after the first of the year.

5. National Release of Quarterly Pig Reports. The quarterly pig report issued in September 1956 was the first to be released as a centrally coordinated report of the Crop Reporting Board. Heretofore, each of nine Corn Belt States concerned (Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota and Kansas) has issued its own release. The cooperating States had requested this strengthening of the report to gear the individual State reports in properly with the Crop Reporting Board's series of semi-annual pig reports. Funds were provided in the 1957 Appropriation Act for this purpose.

6. Honey reports reinstated. The July 1 survey reported the number of colonies of bees and general conditions affecting the honey crop. The September report included the first estimate of production of honey and showed figures on stocks of honey on hand as of September 15th.

7. Weekly estimates for American cheese improved. The sample of reporting plants for all cheese-producing States has been examined for areas not adequately represented and many new reporting plants have been added. A thorough study of deviations between the weekly estimates and the enumerations disclosed the need for a more complete representation of those plants which shift back and forth from the manufacture of American cheese to other types of cheese. As a result, many of these plants, especially in Wisconsin, were requested to report at all times when making American cheese.

8. Cold Storage Reports improved. In response to industry requests for more specialized information on the composition of food stocks held under refrigeration, many important changes were made in the cold storage reports among which were: the addition of three important frozen food items to the reporting schedules - - french fried potatoes, peas and carrots, and mixed vegetables; and a revision of the poultry section of the questionnaire to give recognition to the U.S. standards and grades for poultry.

9. Popcorn acreage report reinstated. Additional funds provided in fiscal year 1956 permitted reinstatement of the popcorn acreage report. The first report was issued on August 10, 1955 with subsequent reports to be issued in July of each year.

10. Cooperative reporting service established in Hawaii. Cooperative crop and livestock reporting program was established with the Territory of Hawaii in December 1955.

11. Some significant accomplishments under joing Federal-State cooperative programs:

a. Mississippi vegetable industry received marketing benefits from semi-monthly report. The Mississippi Crop and Livestock Reporting Service inaugurated a program to provide the vegetable industry of that State with semi-monthly reports on the progress and movement of the principal vegetable and melon crops. This report should prove of substantial value in the orderly marketing of these Mississippi crops.

b. Plans completed for Florida tomato growers to receive semi-monthly planted acreage report during the 1956-1957 season. This report will provide growers with more detailed current information on the acreage being planted. This should enable them to align supply closer to market requirements.

c. Steady progress made in development of improved fruit production forecasts by means of objective measurements. (1) The search has continued for fruit and nut crop characteristics and samplings that will provide non-subjective measurements to supplement in a practical way the human appraisals of crop prospects in order to improve the reliability of crop forecasts and estimates.

(2) In California, for clingstone peaches and Bartlett pears, the method of selecting a sample of trees and counting and measuring the fruit on them at selected times was given a thorough test, and results correlated well with final production. Further tests over several years will however, be necessary.

(3) In Oregon, objective measurement studies were conducted on filberts, using similar methods to the California peach and pear survey. The results will prove useful in making further improvements in the coming year.

(4) In Florida, where the objective measurement work is concentrated primarily on citrus sample, limb counts and "route sampling" received emphasis during the year. A sample route of 1,570 miles of roads in the citrus area was selected and the rows of citrus counted and identified as to variety. At comparable times during the season, the rows of citrus trees on the route that have been completely picked are counted and the results used as one indication of production.

MARKETING SERVICES

The activities under this subappropriation contribute to the efficient and orderly marketing of the products of American agriculture and aid farmers in obtaining the maximum return for their production. These activities are divided into five functional categories. Examples of accomplishment, by project, during 1956 are as follows:

I. Market News Service

Current Activities:

This service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste, resulting from local surpluses, by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at year-round and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, television, telephone, telegraph, bulletin board, and trade and farm publications. More than 1,200 daily newspapers having an average circulation of 37 million--approximately 70 percent of the 53 million circulation of all daily newspapers--carry news based on Federal market reports. A total of about 1460 radio stations broadcast news regularly, and approximately 150 television stations carry market news reports.

Selected Examples of Recent Progress and Trends:

1. Activity, by Commodity Group, Fiscal Year 1956

Commodity Group	Field Offices	Buyers and Sellers Interviewed	Daily Newspapers Carrying Reports	Stations Broadcasting Reports: Radio	Stations Broadcasting Reports: Television	Mimeographed Releases to Growers, Shippers, and Others	On Mailing List
Cotton and cottonseed:							
Year-round	36						
Seasonal	5						
Total	41	12,270	330	349	28	1,544,985	56,182
Dairy and poultry products	34	2,224	920	1,024	100	12,500,000	57,000
Fruits and vegetables:							
Year-round	26						
Seasonal	22						
Total	48	5,300	500	688	62	10,813,000	70,500
Grain, feed and related products	19a/	1,671	840	734	64	2,418,222	85,440
Livestock, meats & wool	43	4,500	1,070	1,351	142	3,950,000	25,000
Naval stores	1	20	65	16	1	110,000	425
Tobacco:							
Year-round	2						
Seasonal	9						
Total	11	None b/	50	110	5	1,053,620	3,155

a/ Includes 7 Federal and 12 Federal-State offices.
b/ Auction system only.

2. Service expanded and improved in 1956 fiscal year.

a. New services.

(1) Federal-State service on dairy and poultry products, primarily poultry and eggs, was established at Jacksonville, Florida, Lincoln, Nebraska and Hartford, Connecticut.

(2) Fruit and vegetable reporting was initiated at Washington, D.C., Louisville, Kentucky, and a seasonal service at Caldwell, Idaho. The Washington service is financed entirely from Federal funds and the other two on a Federal-State basis.

(3) A service on rice was initiated in cooperation with the States of Arkansas, Louisiana and Texas with headquarters at New Orleans.

(4) Federal-State service on livestock was initiated at Lancaster, Pa., Tulaa, Okla., and Visalia, California.

(5) A Federally-financed service on meat was initiated at Portland, Oregon.

b. Improved and expanded services.

(1) Truck reporting on fresh fruits and vegetables was expanded to 7 additional cities and the existing report at 6 cities was improved and strengthened.

(2) The over-all service was improved by increasing the speed on the leased wire between Kansas City and San Francisco from 75 to 100 words per minute. Also additional trainees and relief reporters were placed at strategic points to fill the need in the current service.

3. Other accomplishments.

a. A bi-weekly report issued on Fridays was initiated at the request of the CCC and the cotton trade entitled "C.C.C. Export Program Premiums and Discounts for Settlement Purposes Under Announcement No-C-8 for Offers Received During Week ." The averages of daily premiums and discounts for 14 designated markets are averaged for 10 business days in the two-week period preceding the sale.

b. The Weekly Cotton Linters Review was expanded to include a percentage distribution, by grade, by month, for the quality of linters produced in the United States.

c. Reporting of "at farm" prices of poultry and eggs was initiated at 6 points by the addition of this needed data to existing reports.

d. Under a State law passed during 1956, all eggs marketed in Iowa must be sold on the basis of USDA specifications. The terminology of egg grades on price reports issued at Des Moines was changed to comply with this law.

e. The last of a series of 3 regional conferences was held in Washington in November 1955 to discuss ways and means of improving Federal-State fruit and vegetable market news operations. Federal and State reporters from northeastern and north central States participated with staff of the Washington office in discussions of all phases of the work. The first conference was held at Atlanta in May 1954 and the second in San Francisco in May 1955. One of the major purposes of these meetings was to bring together the Federal and State workers and permit the free exchange of ideas and discussion of problems. The working relationship between the two groups has been improved considerably as a result and this, in turn, has made for a much improved service.

f. A weekly report was initiated at Chicago, in cooperation with the Commodity Stabilization Service, showing CCC stocks of grain in Chicago terminals as well as total stocks.

g. A livestock reporting service was initiated at Fort Smith, Ark., financed from State and local funds. During fiscal year 1957 service on a matching fund basis was put into effect.

h. Two special leased wire circuits carrying livestock data were developed in cooperation with industry. One at Chicago (National Independent Meat Packers' Association) and one at Denver (Colorado Cattle Feeders Association). A similar arrangement which has been in effect in San Francisco since 1950 with the Western States Meat Packers Association has been of great benefit to producers in 7 Western States and was extended in 1956 to the Imperial Valley of California and to Phoenix, Arizona.

i. The fruit and vegetable service in September 1955 initiated a new type daily report showing consolidated receipts by rail and truck in 28 markets - by State of origin and by commodity. By the end of the year this had been expanded to include 32 markets.

4. Improvements and expansion planned for 1957 - The increase in appropriation made available in 1957 will enable the Agricultural Marketing Service to provide new and expanded services as follows:

a. New Services.

(1) A poultry slaughter report is being issued weekly carrying comparative data over a 3-week period on the estimated slaughter, by class, of poultry in commercial processing plants slaughtering an average of 30,000 pounds or more a week. This is a Category I service financed entirely from Federal funds.

(2) A Federally-financed service on livestock is being initiated at Phoenix, Arizona, to report daily demand, trade action and prices prevailing in the Phoenix-Yuma area.

(3) A Federal-State service on rice and grain is being initiated in Mississippi. This service will round out the coverage of the southern rice-producing area which began with the New Orleans service in 1956.

(4) A Federal-State service on livestock will be initiated at Sioux Falls, South Dakota, as soon as State funds are available and a cooperative arrangement completed.

(5) A seasonal service on pecans will be provided during the pecan marketing season (October-January) in cooperation with the States of Alabama, Florida, Georgia, Mississippi and South Carolina.

b. Improved and expanded services.

(1) Truck reporting of fresh fruits and vegetables is being initiated at 8 cities entirely Federally financed.

(2) The transmission speed on the Central Circuit of the Federal leased wire system has been increased from 75 to 100 words per minute, similarly to the action taken in 1956 on the Western Circuit.

(3) Reporting of grain products at Minneapolis and Kansas City was improved by providing for full-time reporters at both cities.

(4) Reporting of quality information on split grades of cotton (light spotted, light gray, and white plus grades) in cotton quality reports is being initiated.

5. Federal-State Cooperation.

a. Federal-State Cooperative Agreements in Effect, Fiscal Year 1956 by Commodity Group

Dairy and Poultry Products	Fruits and Vegetables	Grain and Feed Products	Livestock, Meats and Wool	Tobacco
Alabama	Alabama	Alabama	Alabama	--
--	Arizona	--	--	--
Arkansas	Arkansas	Arkansas	Arkansas	--
California	California	California	California	--
Colorado	Colorado	--	--	--
Connecticut	Connecticut	--	--	--
Delaware	Delaware	Delaware	Delaware	--
--	Florida	--	Florida	--
Georgia	Georgia	--	Georgia	--
--	Hawaii	--	--	--
--	Idaho	--	--	--
Illinois	--	Illinois	Illinois	--
Indiana	--	--	Indiana	--
Iowa	--	Iowa	Iowa	--
Kentucky	Kentucky	Kentucky	--	Kentucky
Louisiana	Louisiana	Louisiana	Louisiana	--
--	Maine	--	--	--
Maryland	Maryland	Maryland	Maryland	Maryland
Michigan	Michigan	--	--	--
--	Minnesota	--	--	--
Mississippi	Mississippi	Mississippi	--	--
Nebraska	--	--	--	--
--	New Jersey	--	--	--
New York	New York	--	--	--
N. Carolina	N. Carolina	N. Carolina	N. Carolina	N.Carolina
Ohio	Ohio	--	--	--
--	Oklahoma	--	Oklahoma	--
Oregon	Oregon	Oregon	Oregon	--
Pennsylvania	Pennsylvania	--	Pennsylvania	--
S. Carolina	S. Carolina	S. Carolina	S. Carolina	--
Tennessee	Tennessee	Tennessee	Tennessee	Tennessee
Texas	Texas	Texas	Texas	--
Utah	Utah	Utah	Utah	--
Virginia	Virginia	Virginia	Virginia	Virginia
Washington	Washington	--	--	--
West Virginia	West Virginia	--	--	W.Virginia
Wisconsin	--	--	--	--
Total Agreements 29	32	17	20	6

b. Cooperative financing.

Financing of the market news reporting service is based on 3 categories:

Category	Significance of Marketing Data	To be Financed by
I	National	Federal appropriation
II	Regional	Joint Federal-State funds ranging from maximum of 75% to a minimum of 25% of either Federal or State funds.
III	Local	State or local funds.

Efforts were continued during 1956 to achieve more equitable financing arrangements in those locations where contributions were not being made jointly in accordance with the Market News Financing Plan. Progress was made in a number of the States not contributing their proportionate share. It is expected that in 1957 definite assurance will be received of increased State contributions inasmuch as the majority of State Legislatures will be holding their biennial sessions. All new services have been initiated in accordance with the Financing Plan. Negotiations are under way with all States where equitable financing has not yet been achieved.

c. Federal cost of service.

	1956	1957(Est.)	1958(Est.)
Total cost of service...	$4,072,121	$4,374,500	$4,815,800
Less reimbursements*....	180,529	195,500	204,000
Paid from appropriation.....	3,891,592	4,179,000	4,611,800

* Includes amounts reimbursed to the appropriation in accordance with cooperative agreements. Does not include amounts expended directly by States and by local groups both under cooperative agreement and outside of agreement.

II Inspection, Grading, Classing and Standardization

Current Activities:

These activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing United States standards for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most efficiently be applied; (3) providing an impartial inspection, grading and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts, photographs, plaster models, preparation and loan or sale of copies of standards, etc.; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official United States standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Selected Examples of Recent Progress and Trends

1. Standardization and related activities.

United States standards provide a common language to describe quality of products being bought and sold. They must be revised and kept up to date to reflect results of new research and significant changes occurring in production, merchandising practices, and uses of the products. Visual aids are an important part of this work to assure as much uniformity as possible in the application of the standards.

The volume of standardization and demonstration activities in 1956, by commodity group, is reflected in Table I.

a. Universal Cotton Standards Agreement Revised. This Agreement, between the Department and 13 cotton associations in England, France, Germany, Belgium, Italy, The Netherlands, Spain, India and Japan was revised effective February 16, 1956. The revision incorporates desired administrative procedural changes.

TABLE I

Volume of Standardization and Demonstration Activities, by Commodity Group, Fiscal Year 1956

Type of Activity		Cotton and Cotton-seed	Dairy Products	Fruits and Vegetables	Grain, Hay, Feed, Seed, etc.	Livestock, Meats and Wool	Poultry Products	Tobacco and Naval Stores
Standardization Activities:								
Grade standards in effect June 30, 1956		110	9	271	20	19	9	2,660
Number of commodities covered		3	7	205	20	20	3	3 a/
New standards issued in fiscal year 1956		1	--	5	--	--	--	--
Standards revised in fiscal year 1956		1	1	18	2	4	2	23
New standards in process June 30, 1956		--	1	8	--	4	2	--
Standards being revised as of June 30, 1956		32	2	22	--	1	--	--
Requests pending for new standards		--	3	22	--	--	2	1
Requests pending for revision of standards		4	2	25	1	1	1	21
Demonstration Activities:								
Farm demonstration--	Number	15	--	--	--	--	--	1,153
	Attendance	233	--	--	--	--	--	15,104
Farmer meetings--	Number	126	--	--	36	4	--	322
	Attendance	9,281	--	--	1,500	720	--	4,527
Farm visits--	Number	1,420	--	--	--	--	--	372
	Attendance	2,367	--	--	--	--	--	837
School demonstrations--	Number	71	31	15	25	--	8	1,583
	Attendance	2,271	1,010	850	1,200	--	360	45,460
Short courses at Agricultural Colleges--	Number	4	4	3	--	4	--	2
	Attendance	74	525	350	--	2,100	--	520
Other demonstrations--	Number	2,781	--	47	--	166	--	13
	Attendance	13,975	--	2,845	--	1,950	--	b/
Grading and training schools	Attendance	--	--	47	--	--	--	14
Packing houses, processing plants visited and industry members interviewed		19	--	687	--	--	--	341
Other meetings	Number	629	--	40	--	77	2	--
	Attendance	10,671	--	1,424	--	8,000	16,000	--
Fairs, field days and classing contests	Number	88	--	--	--	--	--	9
	Attendance	1,509,161	--	--	--	--	--	b/
Distributed--								
Copies of standards		20,661	12,040	119,708	15,000	18,000	10,915	2,763
Farmer bulletins, leaflets, etc.		6,696	--	565	2,200	30,000	95,471	106,369
Visual Aids:								
Prepared-								
Plaster and wax models		--	--	1,683	--	--	--	--
Color photographs		--	--	95	--	--	--	--
Other		--	--	2,098	--	--	545	--
Distributed or displayed								
Plaster and wax models		--	--	1,018	--	--	--	--
Color photographs, charts and guides		--	--	1,259	--	5,000	72,734	--
Black and white photographs		--	--	394	--	--	--	--
Slides and film strips		25	--	--	--	--	10	--
Type samples and physical forms		--	--	--	3,500	--	--	--
Sets of standards loaned		--	--	--	--	--	--	79
Exhibits and other displays		184	--	--	--	--	--	--
Television films		1	--	--	--	--	75	--

AGRI-WASH

a/ Includes turpentine, rosin and 25 types of tobacco

b/ Not available

12-10-56

b. Universal cotton standards conference held in Washington, D.C. The Eleventh Universal Cotton Standards Conference was held in Washington in May 1956. Participants included 34 delegates and observers from 12 foreign countries and 75 delegates and observers from the United States representing 21 cotton associations, 15 cotton exchanges and various cotton companies and government agencies. Major accomplishments of the Conference included:

(1) Approval of 1,712 key boxes of Universal Standards for American upland cotton

(2) Establishment of descriptive grade standard for Strict Good Middling Cotton

(3) Extension of the field trial for proposed physical standards for spotted cotton

(4) Reducing the validity period of grade boxes from 18 to 12 months.

c. Standards for frozen fish sticks promulgated. At the request of the Department of the Interior, the AMS promulgated standards for frozen fish sticks during 1956. The work was done under cooperative agreement with the Fish and Wildlife Service of the Department of the Interior. Standards developed are promulgated by AMS under its authority to promulgate standards for agricultural commodities defined by the Agricultural Marketing Act to include fishery products.

d. Grade standards developed for native produce of Puerto Rico and Hawaii. The Department entered into an agreement with the Territory of Puerto Rico providing for the Development by AMS of grade standards for Puerto Rican native processed fruits and vegetable products. Work on a similar agreement with Hawaii was begun in 1956 and will be completed in 1957.

e. Peanut standards revised. In January 1956 representatives of all segments of the peanut industry met in Washington, D.C. to consider revisions of peanut standards. At this meeting all sheller segments of the industry voiced their objection to a Department proposal to establish a single set of standards for all types of peanuts. As a result, proposed revisions were drafted for each type of peanuts and after careful study of the proposals, needed changes were made and revised standards published in the Federal Register on June 30, 1956 which became effective July 31, 1956.

f. Conference on wheat standards. In September 1955 a conference was held in Washington, D.C. to review Wheat Standards. Participants included 7 from farm group organizations, 6 from trade organizations, 10 from special groups interested in wheat production, marketing and utilization, 2 from other Federal Agencies and members of various USDA organizations. Discussion centered around the factors affecting wheat quality and the need for revisions in Standards. Since the meeting, data have been collected on these factors for use in determining the effect of any suggested changes on the specific grades.

g. New and improved method developed for determining moisture in flaxseed. By heating whole flaxseed at 103 degrees Centigrade in an air oven for 4 hours, moisture results averaged about 0.6% below that obtained by the present method. Further study on this procedure is continuing and, if it proves satisfactory, may be recommended for adoption as an official method.

h. Revisions in beef and cattle grades developed and adopted. Revisions were proposed during the year in standards for carcass beef and slaughter cattle. As a result of meetings with representatives of the cattle and beef industry, a new grade termed "Standard" was adopted for both cattle and beef. The new standards went into effect on June 1, 1956.

Studies and meetings are still in progress in connection with revising grade standards for lambs and establishing grade standards for sows.

i. Study completed of characteristics of wool to improve grade standards as basis for grading methods. A detailed laboratory analysis for fineness, staple length and clean fibre content of samples from 46 lots of CCC wool was completed in 1956. The primary purpose of the study was to determine the accuracy of visual appraisals for grade and yield of grease wool and to obtain additional information for the improvement of wool standards. A technical bulletin summarizing the results of this study has been drafted and will be published during 1957.

j. New poultry and egg products require new and revised standards and specifications. The continuing development and marketing of new poultry and egg products and standard products in different forms have necessitated establishment of new standards and revisions of existing standards. Such commodities include Rock Cornish Game Hens, frozen poultry pies and ready-to-cook poultry.

k. New and revised poultry and egg grading manuals released. Agricultural Handbook No. 75 "Egg Grading Manual" was released in 1956 to those interested in grading shell eggs. Agricultural Handbook No. 31 "Poultry Grading Manual" was revised and is in process of being printed. Both manuals are designed to help secure proper application of U. S. Grades and Standards for these commodities.

l. Revised program of instruction for wholesaler-retailer merchandising training. The training program for wholesalers and retailers in merchandising fresh fruits and vegetables, which is conducted under contract with the United Fresh Fruit and Vegetable Association, was revised during 1956. The revision provides retailers with considerably more information than was possible under previous procedures on the consumer packaging. This change was made to answer the need resulting from the marked increase in volume of fruits and vegetables being handled by retailers in prepackaged form. This revised training program has attracted wide attention and has resulted in increased enrollment in training classes. Of the total of 3,100 retailers trained during the year, about 1,650 received instruction after the revised program was introduced.

Since the beginning of this Joint Industry-Government program in November 1947, retailer merchandising classes have been conducted in 43 States, the District of Columbia and Hawaii. During this period a total of 4,480 retailer classes have been held with 39,764 retailers and their employees in attendance. Thirteen merchandising departments were established during 1956 each headed by a specially trained merchandising manager. This brings to 80 the total of such departments established under this program. In addition 55 merchandising assistants were trained during the year making a total of 635 trained since this type of instruction has been offered.

2. Inspection, grading and classing activities.

a. Inspection and grading regulations to be revised. Public Law 272, approved August 9, 1955, amends the Agricultural Marketing Act of 1946 and provides penalties for false making, issuing, forging, altering or counterfeiting of certificates, marks and other identifications relating to graded and inspected products. Regulations governing inspection and grading of all commodities were or are in process of being changed to implement this law.

b. Near-record volume of cotton classings. Federal classers in 1956 classified a total of 14.4 million samples compared with 11.9 million in 1955. The 1956 volume is the second largest in history. The total 1955-56 production was 14.6 million running bales compared with 13.6 million the previous season.

c. Cotton fiber testing improved. Small scale tests were developed and initiated in 1956 for measuring the bleaching, dyeing and mercerizing performance of cotton samples. These tests are expected to be a regular part of the cotton testing program in the future.

d. Decline in volume of dairy products graded. Grading activities on dairy products declined 6.2 percent under 1955. The reduction was due principally to the smaller quantity of dry whey graded (from 247.8 million pounds in 1955 to 2 million pounds in 1956). Cheese and dry milk grading increased but this was offset by a decrease in butter grading.

e. Processed fruit and vegetable inspection activity increased. The volume of inspections of canned fruits and vegetables increased 14% and frozen products 3%. There was an increase of about 52,000 cases of marine products, due largely to State purchases, and 1.2 million pounds of dehydrated products due to Army purchases. The inspection of raisins under marketing order in 1956 caused an increase in dried products inspection from 101 million pounds in 1955 to 915 million pounds in 1956.

f. Fresh fruit and vegetable inspection activity reaches record high. A total of 1,386,624 carlot equivalents of fresh fruits and vegetables were inspected in 1956 as compared with 1,320,817 in 1955. Receiving market inspections decreased, but this decrease was more than offset by the increase in shipping point inspections. This reflects the general tendency toward shipping point or "at farm" trading and away from terminal markets.

g. Volume of meat graded increases. In 1956 the volume of meat graded increased by more than one billion pounds. This was due largely to the much larger over-all slaughter of livestock. Another contributing factor was the purchase of over 12¼ million pounds of meat for Israel which were graded and certified during the three-month period April-June.

h. Commodities inspected and graded on a fee basis. Table II shows the volume of commodities inspected and graded under authority of the Agricultural Marketing Act of 1946 and other legislation which provide that the Secretary may charge a fee to cover the cost of the service.

Table II Commodities Inspected and Graded on a Fee Basis,
Fiscal Years 1956 - 1958
By Commodity Group

Commodity Group	Unit	1956 a/	1957(Est.)	1958(Est.)
Fresh fruits and vegetables:				
At receiving markets	car or	93,272	92,000	92,000
At shipping points	carlot	1,293,352	1,338,000	1,338,000
Total carlots	equivalent	1,386,624	1,430,000	1,430,000
Processed fruits and vegetables:				
Canned products	case	118,000,000	120,000,000	125,000,000
Frozen, dried, and miscellaneous	pound	3,073,900,000	3,301,000,000	3,301,000,000
Marine products, canned.	case	151,800	150,000	150,000
Dairy products:				
Butter, cheese, dry skim milk, evaporated milk, and miscellaneous products	pound	3,654,222,782	3,394,000,000	3,394,000,000
Poultry products:				
Shell eggs	case	25,377,000	26,500,000	27,600,000
Processed eggs	pound	348,268,000	360,000,000	372,000,000
Poultry	pound	2,224,956,000	2,795,250,000	3,526,450,000
Poultry processed under USDA sanitary standards	pound	2,103,144,000	2,750,000,000	3,500,000,000
Grain and related products:				
Rice, beans and peas	100# bag	75,377,000	75,500,000	75,500,000
Hay	ton	28,214	50,000	50,000
Hops	bale	199,846	225,000	225,000
Seed verification and reverification	pound	72,878,000	75,000,000	75,000,000
Miscellaneous commodities	certificates issued	15,261	15,000	15,000
Meat and meat products:				
Beef	pound	6,785,257,000	6,800,000,000	6,700,000,000
Veal and calf	pound	292,193,000	300,000,000	300,000,000
Lamb and mutton	pound	238,244,000	235,000,000	235,000,000
Miscellaneous	pound	164,463,000	170,000,000	170,000,000
Total, meat and meat products	pound	7,480,157,000	7,505,000,000	7,405,000,000
Cotton (Foreign cotton)	classification	4,181	4,000	4,000
Cottonseed	certificates issued	100,855	110,000	110,000
Cotton fiber	test made	142,784	155,000	165,000
Naval Stores:				
Rosin	drum equiv.	312,266	325,000	325,000
Turpentine	gallon equiv.	6,225,384	6,500,000	7,000,000

a/ Partially estimated.

i. The following tables show volume of inspection, grading, and classing activities in main commodity fields performed pursuant to legislation other than the Agricultural Marketing Act of 1946

Cotton and Cotton Linters Classifications

Fiscal Years 1956 - 1958

Legislative Authority	Number of Classifications Made		
	1956	1957(Est.)	1958(Est.)
Cotton Classifications by:			
Federal Employees			
Statistics and Estimates Act	277,812	275,000	275,000
Smith-Doxey Amendment	11,774,151	12,000,000	11,000,000
Cotton Standards Act:			
Public Classing Service	1,996,144	4,963,000	5,000,000
International Cooperation Administration (reimb.)	70,058	70,000	70,000
Federal Penitentiary (reimb.)	16,735	17,000	17,000
C.C.C. Loan (reimb.)	144,403	150,000	150,000
Other	22,945	25,000	25,000
Cotton Futures Act	88,159	100,000	150,000
Subtotal (Federal Employees)	14,390,407	17,500,000	16,687,000
Licensed Classers (under Federal supervision)			
Cotton Standards Act (Includes bale classifications and samples classed in sorting cotton into lots by grades and staple)	588,513	400,000	300,000
Total, Cotton Classifications	14,978,920	17,900,000	16,987,000
Micronaire determinations for cotton futures cotton	4,054	10,000	15,000
Cotton Linters Classifications by:			
Federal Employees			
Cotton Standards Act Form A	5,878	7,000	7,000
Other (cooperating mills and grade survey)	16,503	16,000	16,000
Subtotal (by Federal employees)	22,381	23,000	23,000
Licensed Classers	55,941	75,000	75,000
Total, Cotton Linters Classifications	78,322	98,000	98,000

Volume of Grain Inspection (by Licensed Inspectors Federally Supervised) and Appeal Activities (by Federal Inspectors) under the U. S. Grain Standards Act 1/

Fiscal Year

Activity	1941	1956	1957(Est.)	1958(Est.)
Inspection Services:				
Quantity of grain produced-				
crop year (1,000 bu.)	5,456,682	6,763,439	6,500,000	6,500,000
Number of inspection points	178	307	317	327
Established	134	176	184	189
Designated	44	131	133	138
Number of licensed inspectors	414	571	590	610
Quantity of grain inspected (1,000 bu.)	1,944,430	5,589,547	5,200,000	5,200,000
Total number of inspections	1,268,121	2,838,009	2,950,000	2,950,000
Inspections supervised by Federal supervisors (does not include appeals)	134,621	132,132	135,000	140,000
Percent of inspections supervised (including appeals)	15.1	7.3	7.3	7.4
Appeal Services:				
Number of district offices	37	35	35	35
Number of sub-offices	6	12	12	14
Number of appeals referred	not available	76,836	82,000	83,000
Number of appeals denied or cancelled	none	1,600	2,000	2,000
Number of appeals decided	45,894	75,236	80,000	80,000
Original grade sustained (percent)	67.5	73	75	75
Original grade changed (percent)	32.5	27	25	25
Number of appeals carried to appeal boards	638	652	700	700
Supervisor's grade sustained (percent)	79.0	81.7	85.0	85.0
Supervisor's grade changed (percent)	31.0	18.3	15.0	15.0
Overtime and related costs	none	$34,318	$35,000	$35,000
Total number of certificates issued	1,325,667	2,913,897	3,000,000	3,000,000

1/ Users of this service pay a fee to the licensed inspector. No Federal fee is charged except in case of appeal inspections when licensees' grades are not changed.

(3) Number of Auction Markets and Volume of Tobacco Inspected under the Tobacco Inspection Act

Item	Fiscal Year 1956	1957 (Est.)	1958 (Est.)
Number of markets	176	177	179
Number of designated markets	173	176	177
Number of markets inspected	176	177	179
Number of sets of buyers	239	240	242
Volume inspected at auction markets (million lbs.)	2,210	2,200	2,200
Percent of total volume sold at auction	100	100	100

(4) Volume of Tobacco Inspected, by Class - Fiscal Year 1956

Class of Tobacco	Number of Auction Markets: Designated	Number of Auction Markets: Inspected	Sets of Buyers	Quantity Sold (Thousand Pounds)	Quantity Inspected (Thousand Pounds)	% Inspected
Auction Markets:						
Flue-cured	91	94	147	1,592,791	1,592,791	100
Fire-cured	8	8	12	60,816	60,816	100
Dark air-cured	10	10	6	31,557	31,557	100
Burley	60	60	69	487,717	487,717	100
Maryland	4	4	5	37,478	37,478	100
Total	173	176	239	2,210,359	2,210,359	100
Cooperative Marketing Associations (auction types)					385,328	
Cooperative Marketing Associations (non-auction types)					29,380	
Grand total					2,625,067	

j. Estimated Percentage of Crop Marketed under Federal Grades

Commodity or Commodity Group	Fiscal Year 1956	1957(Est.)
Cotton	82	85
Cotton linters	5	7
Cottonseed	60	65
Dairy products		
Butter	44	45
Cheese	16	17
Dry milk	53	50
Fresh fruits and vegetables	85	85
Canned fruits and vegetables	50	50
Frozen fruits and vegetables	85	85
Grain products		
Beans	45	45
Grain	75	80
Hay	1	1
Hops	98	98
Peas	36	40
Rice	67	70
Meat		
Beef	49	49
Veal and calf	20	20
Lamb, yearling and mutton	33	33
Poultry inspected		
Turkeys	47	62
Poultry (other than turkeys)	24	28
Poultry and eggs graded		
Shell eggs	17	17
Liquid eggs	77	81
Dried eggs	39	42
Poultry (excluding turkeys)	15	17
Turkeys	39	46
Poultry under sanitation	36	43
Tobacco (sold at auction markets)	100	100
Rosin	100	100
Turpentine	100	100

k. Fees and Charges Revised. Fees and charges for services rendered are revised when necessary to cover the cost of the service. See following table.

Revisions in Fees and Charges, Fiscal Years 1956 and 1957

	Service Provided	Effect of Change	New Rate	Effective Date
1.	Cotton fiber and spinning testing	New fee established for micronaire determination of fiber fineness and maturity	10 cents per sample when test is made in conjurction with grade and staple classification and 25 cents per sample when performed as an individual service	January 15, 1956
2.	Inspection and grading of dairy products	Reduced laboratory fees as follows:		
		Scorched particles and fat fees reduced about 9%	$.50 and $2.00 respectively	March 2, 1956
		Alkalinity of ash and iron and copper fees reduced about 16%	$2.00 and $5.50 respectively	March 2, 1956
		Kohman analysis of butter and butter oil reduced about 14%	$3.50 for first sample and $2.50 for additional samples in same shipment	March 2, 1956
3.	Inspection of fresh fruits and vegetables	11% increase on (1)commercial and (2)supplies for public and private agencies inspections at receiving markets	$4.00 per hour,$8.00 per carlot inspection for condition only, $10.00 per carlot inspection for quality and condition	September 18,1955
		Increase hourly overtime rate 25%	$2.00 per hour	November 1, 1956
4.	Inspection of processed fruits and vegetables	10% increase in total revenue	Involves 50 different fees	September 18,1955
5.	Inspection of grain products, vegetable oils, etc., for compliance with quality specifications and for condition	Increase of 20-25% in fees and 20% in hourly rate		September 1,1956
6.	Meat grading and compliance service	16-2/3% increase in hourly wage rate for meat grading fees	$4.20 per hour	July 17, 1955
7.	Inspection of poultry and poultry products	Increase in charges of about 4% to 7-1/2%	Weekly charge for resident dressed poultry inspection increased from $127 to $132. Weekly charge for resident inspection of canning and processing of poultry increased from $107.31 to $112. The charge for combined initial and final plant surveys increased from $75 to $125	August 1, 1955
8.	Naval Stores inspection	50% increase in revenue	Involves 14 different rates on a container basis, (drums, bags, tank cars, etc.), ranging from $0.01 to $0.15 per container; 8 different rates for laboratory analysis and testing, ranging from $3.00 to $20.00 each; and a 21.5 percent increase in the hourly rate for field inspection and laboratory service	September 1, 1955

1. Financing

(1) Funds available. The inspection work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the services are used to pay a large part of the expenses of the inspection work.

The Agricultural Appropriation Act of 1952 authorized advances each year from the Commodity Credit Corporation, as needed, in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is reimbursed through subsequent appropriations to the extent necessary for costs of classing and grading commodities not placed under commodity loan.

(2) Revenue and net cost of service. Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts of the Treasury." The net cost of this project in 1956 to the taxpayer was about 4.4 million dollars, or 19 percent of the total cost of the program. In 1957, the cost to the taxpayer is estimated at about 4.6 million dollars, or 18 percent of the total cost.

III. Freight Rate Services

Current Activities:

This activity assists in obtaining and maintaining equitable transportation rates and service on farm products and farm supplies through the Department's participation in cases before the Interstate Commerce Commission and other regulatory bodies and informal negotiations with carriers and groups of carriers.

Selected Examples of Recent Progress and Trends:

1. Action Taken During Fiscal Year 1956. During fiscal year 1956, the Department participated in 132 actions before the Interstate Commerce Commission, Federal Maritime Board, Civil Aeronautics Board, United States Courts, and carrier bureaus and committees. These actions covered nearly all agricultural commodities and a great many farm supplies. The agricultural community in each of the 48 States was affected to some degree by these actions. The various agricultural commodities or rates affected by the above actions are shown in the following table.

Type of Action and Commodities or Rates Affected	Fiscal Year 1956	1957(Est.)	1958(Est.)
Formal Litigation	Number	Number	Number
Interstate Commerce Commission	70	70	70
Federal Maritime Board	8	8	8
Civil Aeronautics Board	3	3	3
U. S. Courts	11	11	11
Informal Negotiations	40	40	40
	132	132	132
Commodities or Rates Affected:			
Cotton and cottonseed	10	10	10
Dairy and poultry products	9	9	9
Fruits and vegetables	7	7	7
Grain and grain products	22	22	22
Livestock and meats	23	23	23
Wool and mohair	2	2	2
Fertilizer and fertilizer material	9	9	9
Fish and fishery products	1	1	1
Agricultural implements	1	1	1
Motor carrier rates - General	24	24	24
Rail rates - General	14	14	14
Water rates - General	8	8	8
Air rates - General	2	2	2
Total	132	132	132

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

Estimated Cost of Inspection, Grading, Classing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1956

Work Project	Total	Paid From Revenue Earned			Paid From		Income to General Revenue Fund of Treasury	Net Cost to Taxpayer	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
		Reimb. to Appropriation 1/	Trust Funds	Total	Advances from C C C	Appropriation				
Inspection, Grading, and Classing										
Cotton and cottonseed	$3,235,156	$1,287,960	$23,694	$1,311,654	--	$1,923,502	$1,815,268	$108,234	3.3	96.7
Dairy products	1,859,681	--	1,859,681	1,859,681	--	--	--	--	--	100.0
Fruits and vegetables	4,370,200	--	4,138,480	4,138,480	--	231,720	--	231,720	5.3	94.7
Grain (U. S. Grain Standards Act)	1,540,351	15,002	--	15,002	--	1,525,349	563,964	961,385	62.3	37.7
Livestock, meats and wool	3,509,281	--	3,509,281	3,509,281	--	--	--	--	--	100.0
Naval stores	43,005	--	15,045	15,045	--	27,960	--	27,960	65.0	35.0
Poultry products	4,500,157	--	4,244,174	4,244,174	--	255,983	--	255,983	5.7	94.3
Rice, hay, beans, etc.	1,195,702	--	1,195,702	1,195,702	--	--	--	--	--	100.0
Tobacco	2,473,770	723,456	--	723,456	80,449	1,669,865	3,452	1,746,862	70.6	29.4
TOTAL	22,727,303	2,026,418	14,986,057	17,012,475	2/80,449	5,634,379	2,382,684	3,332,144	14.6	85.4
Standardization										
Cotton and cottonseed	391,463	--	--	--	--	391,463	47,803	343,660	87.8	12.2
Dairy products	25,887	--	--	--	--	25,887	--	25,887	100.0	--
Fruits and vegetables	317,112	2,000	--	2,000	--	315,112	--	315,112	99.4	0.6
Grain (U. S. Grain Standards Act)	99,323	6,498	--	6,498	--	92,825	--	92,825	93.5	6.5
Livestock, meats and wool	117,245	2,345	--	2,345	--	114,900	--	114,900	98.0	2.0
Naval stores	9,649	--	--	--	--	9,649	422	9,227	95.6	4.4
Poultry products	82,648	700	--	700	--	81,948	--	81,948	99.2	0.8
Rice, hay, beans, etc.	60,705	--	--	--	--	60,705	--	60,705	100.0	--
Tobacco	52,644	--	--	--	--	52,644	--	52,644	100.0	--
TOTAL	1,156,676	11,543	--	11,543	--	1,145,133	48,225	1,096,908	94.8	5.2
Total Inspection, Grading, Classing, and Standardization										
Cotton and cottonseed	3,626,619	1,287,960	23,694	1,311,654	--	2,314,965	1,863,071	451,894	12.5	87.5
Dairy products	1,885,568	--	1,859,681	1,859,681	--	25,887	--	25,887	1.4	98.6
Fruits and vegetables	4,687,312	2,000	4,138,480	4,140,480	--	546,832	--	546,832	11.7	88.3
Grain (U. S. Grain Standards Act)	1,639,674	21,500	--	21,500	--	1,618,174	563,964	1,054,210	64.3	35.7
Livestock, meats and wool	3,626,526	2,345	3,509,281	3,511,626	--	114,900	--	114,900	3.2	96.8
Naval stores	52,654	--	15,045	15,045	--	37,609	422	37,187	70.6	29.4
Poultry products	4,582,805	700	4,244,174	4,244,874	--	337,931	--	337,931	7.4	92.6
Rice, hay, beans, etc.	1,256,407	--	1,195,702	1,195,702	--	60,705	--	60,705	4.8	95.2
Tobacco	2,526,414	723,456	--	723,456	80,449	1,722,509	3,452	1,799,506	71.2	28.8
TOTAL	23,883,979	2,037,961	14,986,057	17,024,018	80,449	6,779,512	2,430,909	4,429,052	18.5	81.5

AGRI-WASH

1/ Includes amounts reimbursed by CCC for classing cotton and grading tobacco placed under loan.

2/ Reflects cost incurred under funds advanced by CCC for grading tobacco not placed under loan.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

Estimated Cost of Inspection, Grading, Classing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1957

Work Project	Total	Paid From Revenue Earned			Paid From		Income to General Revenue Fund of Treasury	Net Cost to Taxpayer	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
		Reimb. to Appropriation 1/	Trust Funds	Total	Advances from C C C 2/	Appropriation				
Inspection, Grading, and Classing										
Cotton and cottonseed.	3,681,350	1,649,600	24,300	1,673,900	57,950	1,949,500	1,976,000	31,450	0.9	99.1
Dairy products	1,806,800	--	1,806,800	1,806,800	--	--	--	--	--	100.0
Fruits and vegetables.	4,703,000	--	4,469,000	4,469,000	--	234,000	--	234,000	5.0	95.0
Grain (U. S. Grain Standards Act)	1,593,200	15,000	--	15,000	--	1,578,200	400,000	1,178,200	74.0	26.0
Livestock, meats and wool	3,714,000	--	3,714,000	3,714,000	--	--	--	--	--	100.0
Naval stores	43,600	--	16,000	16,000	--	27,600	--	27,600	63.3	36.7
Poultry products	4,755,400	--	4,493,400	4,493,400	--	262,000	--	262,000	5.5	94.5
Rice, hay, beans, etc.	1,307,800	--	1,307,800	1,307,800	--	--	--	--	--	100.0
Tobacco	2,543,700	669,000	--	669,000	244,500	1,630,200	3,000	1,871,700	73.6	26.4
TOTAL	24,148,850	2,333,600	15,831,300	18,164,900	302,450	5,681,500	2,379,000	3,604,950	14.9	85.1
Standardization										
Cotton and cottonseed.	353,600	--	--	--	--	353,600	50,000	303,600	85.9	14.1
Dairy products	26,100	--	--	--	--	26,100	--	26,100	100.0	--
Fruits and vegetables.	327,400	5,000	--	5,000	--	322,400	--	322,400	98.5	1.5
Grain (U. S. Grain Standards Act)	126,100	6,500	--	6,500	--	119,600	--	119,600	94.8	5.2
Livestock, meats and wool	117,700	--	--	--	--	117,700	--	117,700	100.0	--
Naval stores	10,400	--	--	--	--	10,400	375	10,025	96.4	3.6
Poultry products	76,400	1,700	--	1,700	--	74,700	--	74,700	97.8	2.2
Rice, hay, beans, etc.	43,000	--	--	--	--	43,000	--	43,000	100.0	--
Tobacco	58,500	--	--	--	--	58,500	--	58,500	100.0	--
TOTAL	1,139,200	13,200	--	13,200	--	1,126,000	50,375	1,075,625	94.4	5.6
Total Inspection, Grading, Classing and Standardization										
Cotton and cottonseed.	4,034,950	1,649,600	24,300	1,673,900	57,950	2,303,100	2,026,000	335,050	8.3	91.7
Dairy products	1,832,900	--	1,806,800	1,806,800	--	26,100	--	26,100	1.4	98.6
Fruits and vegetables.	5,030,400	5,000	4,469,000	4,474,000	--	556,400	--	556,400	11.1	88.9
Grain (U. S. Grain Standards Act)	1,719,300	21,500	--	21,500	--	1,697,800	400,000	1,297,800	75.5	24.5
Livestock, meats and wool	3,831,700	--	3,714,000	3,714,000	--	117,700	--	117,700	3.1	96.9
Naval stores	54,000	--	16,000	16,000	--	38,000	375	37,625	69.7	30.3
Poultry products	4,831,800	1,700	4,493,400	4,495,100	--	336,700	--	336,700	7.0	93.0
Rice, hay, beans, etc.	1,350,800	--	1,307,800	1,307,800	--	43,000	--	43,000	3.2	96.8
Tobacco	2,602,200	669,000	--	669,000	244,500	1,688,700	3,000	1,930,200	74.2	25.8
TOTAL	25,288,050	2,346,800	15,831,300	18,178,100	302,450	6,807,500	2,429,375	4,680,575	18.5	81.5

1/ Includes anticipated reimbursements from CCC for classing cotton and grading tobacco placed under loan.
2/ Reflects estimated costs incurred under funds advanced by CCC for classing cotton and grading tobacco not placed under loan.

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2. General revenue cases require extensive preparation. One of the most significant types of cases in which the Department participates is typified by general revenue cases. In 1956 the Department participated in 2 such cases (Ex Parte 175 and Ex Parte 196). Preparations for such cases include analysis of the economic position of agriculture and its ability to absorb increased transportation costs, analysis of the effects of rate revenue increases on diversion of traffic, analysis of carriers' needs for additional revenue, analysis of the effects of rate increases on the marketing of various agricultural commodities, and the development of other pertinent data.

3. Case originated in 1953 still pending. An example of a type of case which continued over a long period of time is the "refrigeration case." This case which originated in 1953 involved a request by the carriers for a 30 percent increase in refrigeration charges. Over a period of several years the Department actively participated in the case. The Interstate Commerce Commission has approved an increase of 15 percent. After petitions of the Department and others for reconsideration were denied by the Commission, the issue was taken before the U. S. District Court where a decision is now pending.

4. Efforts of department benefit producers. Charges for unloading fresh fruits and vegetables by the railroads at New York and Philadelphia have been the subject of litigation for a period of 8 years. After several hearings, action by the ICC resulted in reduction of these charges by 50 percent but in view of the fact that such reduced charges still aggregate over 2 million dollars annually the Department and others felt warranted in pursuing the case further through a District Court and on through the Supreme Court. The case has now been remanded to ICC and a decision has been issued ordering cancellation of the charges.

IV. Regulatory Activities

Current Activities:

Regulatory activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, and Tobacco Plant and Seed Exportation Acts, and the regulatory features of the Naval Stores Act. These acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Selected Examples of Recent Progress and Trends:

1. Federal Seed Act

   a. Volume of seed imports increases 98% over 1955. Over 237 million pounds of agricultural and vegetable seeds valued at $21.5 million were offered for importation during 1956. Of this amount over 235 million pounds met the requirements for importation under the Act. This was an increase of 116.2

million pounds or 98% over 1955. The importations were of 112 kinds, consisting primarily of cereal, grass and forage crops from 24 countries. The principal sources were Canada, Denmark, Holland, Italy, Great Britain, Ireland and New Zealand. The 1956 volume of seed imported is about 97 million pounds higher than is expected in 1957 or 1958. This quantity represents a newly-developed variety of wheat seed imported from Canada because of its resistance to race rust. Excluding this particular quantity, the high rate of importation is expected to increase further due to the interest in grassland farming and the new crop control measures.

Discussions with seed dealers and seed technologists at international meetings in Europe during 1956 contributed to a better understanding of many technical problems associated with international trade in seed.

Import Activities

Activity	1953	1954	1955	1956	1957(Est.)	1958(Est.)
Total import actions 1/	9,427	9,335	8,095	12,677	11,000	11,500
Lots offered for importation	9,085	8,803	7,896	12,474	10,820	11,300
Lots permitted entry as offered	8,259	8,419	7,844	12,440	10,770	11,240
Lots denied entry as offered	403	340	52	34	50	60
Kinds of seed imported	112	105	105	112	115	118
Pounds of seed imported (millions)	120.3	130.6	118.8	235.0	150.0	155.0

1/ Includes action taken on lots rejected once and acted on again after cleaning, etc.

b. Interstate violations continue to increase in 1956. The cooperative activity of the States involving violations of the interstate provisions of the Act continues to increase. At the end of the 1956 fiscal year, 394 State inspectors were authorized to inspect seed subject to the Act, 14 more than in 1955. During the year, 36 States reported violations originating in 43 States.

At a national meeting held in December 1955, States reported fewer cases than in the previous year. This was due, principally, to the fact that States were urged to submit only the most serious cases. State officials have urged the Department to be more vigorous in its investigation and prosecution of cases. The Department is giving more attention to variety labeling.

Interstate Investigations and Actions

Item	1953	1954	1955	1956	1957 (Est.)	1958 (Est.)
Cases for investigation:						
Total to be investigated	1,414	1,699	1,806	1,481	1,455	1,555
Investigations completed	818	1,062	1,239	1,126	1,000	1,000
Pending at end of year	596	637	567	355	455	555
Administrative actions:						
No action warranted	237	365	532	331	200	200
Warnings issued	485	574	633	716	600	600
Cited for hearings	131	189	114	172	200	200
Seizures recommended	21	6	6	4	6	6
Criminal actions recommended	33	30	37	44	45	45
Court Actions:						
Criminal actions terminated	16	13	18	9	10	10
Criminal actions pending at end of year	19	12	12	11	11	11
Seizure actions terminated	26	9	3	7	6	6
Seizure actions pending at end of year	4	1	3	0	0	0

c. Seed Testing. Volume of Seed Testing Work is shown in the following table.

Activity	1953	1954	1955	1956	1957 (Est.)	1958 (Est.)
Seed samples tested in connection with:						
Imports	9,501	9,349	8,244	12,804	11,100	11,650
Interstate shipments	4,405	2,812	2,172	1,926	1,900	2,000
Variety tests	659	149	238	342	150	150
Miscellaneous	608	796	1,126	629	800	1,000
Total tests	15,173	13,106	11,780	15,701	13,950	14,800

d. Federal Seed Act and regulations amended. The regulations under the Federal Seed Act were revised as follows:

(1) Several kinds of seed not heretofore regulated were made subject to the Act.
(2) White clover seed was required to be labeled as to origin.
(3) New crop Kentucky blue grass seed exempt from labeling as to germination.
(4) Methods of testing brought up to date.
(5) Lowered germination standards for some garden bean varieties.
(6) Provided a guide for determining correct name of kinds and varieties to be used in labeling and advertising.

Public Law 662, approved 7/9/56 amends the Federal Seed Act and strengthened its penal provisions.

2. Naval stores and tobacco export permits

a. Naval stores. During the 1956 fiscal year, 183 samples, consisting of turpentine, rosin, dipentene, and competing mineral spirits paint thinners, or small containers therefor bearing labels to be studied, were collected for purposes of checking condition, quality, purity, and proper label description. About 60 distributors were represented by these samples. No willful or fraudulent infractions of the Naval Stores Act were encountered but there were 28 instances in which some phase of the Act or regulations thereunder was not fully observed by vendors. In all cases corrective action was taken through personal contacts with shippers followed by official correspondence. Continuing surveillance of practices under the Naval Stores Act is holding the number of violations to a minimum.

b. Tobacco export permits. The number of certificates issued for exportation of tobacco seed for experimental purposes in 1956 totaled 60. This was an increase of 7 over 1955 and was 20 more than had been expected for 1956.

3. Packers and Stockyards Act

a. Posting, registration and licensing.

(1) Posting, registration and licensing activities increased during 1956.

Activity	1953	1954	1955	1956	1957 (Est.)	1958 (Est.)
Yards posted	325	322	335	352*	452	602
Market agencies and dealers registered	4,965	4,985	5,375	5,798	6,200	6,400
Packers under supervision	1,914	1,901	1,915	1,998	2,100	2,150
Poultry dealers licensed	1,365	1,324	1,308	1,267	1,200	1,200

* An estimated additional 288 yards are eligible for posting and subsequent supervision.

(2) Proposed marketing charges reduced 1/2 million dollars in 1956.

Requests for increases in tariff charges, amounting to approximately $1,000,000, were filed during the year. Less than half these requests were approved, resulting in a savings of about half a million dollars to livestock producers in charges in the sale of their livestock. Bonds on file by registrants under the Act to assure payment for livestock purchased or sold totaled approximately $47,368,500--representing an increase over the previous year of approximately $370,000.

b. Supervision and enforcement.

(1) Extensive investigations result in formal charges against commission firms and dealers.

(a) A livestock commission firm and 13 dealers doing business at the Omaha Stockyards were alleged to be restricting competition in the buying and selling of stocker-feeder livestock. Extensive hearings held at Omaha revealed that the bidding system at that stockyard gave preferential treatment to dealers over livestock feeders. This case is in the hands of the General Counsel for decision.

(b) At Denver, Colorado a case similar to the foregoing against 22 stocker and feeder dealers has been instituted. All but one of these dealers has indicated a desire to settle without formal hearings by filling admissions of the charges.

(c) An investigation at Nashville, Tennessee revealed collusion between commission firm salesmen and packer buyers and dealers which resulted in the defrauding of farmers in amounts ranging from $100 to $900 on a single transaction. Formal actions are pending in these cases.

(2) Scale testing. During the year scale engineers supervised the testing and inspection of 862 livestock scales at 66 terminal and 286 auction markets posted under the Act; a total of 1921 such tests were conducted. Eight percent of the scales at stockyards and 12 percent of the packer-owned livestock scales failed to meet tolerance testing. Scales found to be inaccurate were required to be adjusted before re-use.

(3) Audits performed. There were 129 audits completed of records of persons and firms subject to the Act. In addition, many audits and spot checks were made in cooperation with the Commodity Stabilization Service in connection with the National Wool Act program.

(4) Analysis of Formal Proceedings under the Packers and Stockyards Act.

Activity	1953	1954	1955	1956	1957(Est.)	1958(Est.)
Cases pending first of year	54	33	26	40	52	49
New cases	52	29	75	74	80	80
Cases reopened	29	17	3	-	2	2
Total cases requiring action	135	79	104	114	134	131
Cases disposed of	102	53	61	62	85	85
Cases pending end of year	33	26	43	52	49	46

4. Standard Container Acts

Tests made and samples obtained. There were approximately 148 factories making or equipped to make containers at the close of business June 30, 1956, as compared with 175 in 1955. Tests were made of sample containers obtained from 98 factories. A total of 352 items (2,358 samples) were examined. Of this number 88 or 25 percent required correction, and 51 corrections were accomplished. No violations of these Acts were reported in 1956.

5. United States Warehouse Act

a. Number of licensed warehouses increases. The number of warehouses licensed under the Act increased to 1,587 as of June 30, 1956. This was 42 more than a year ago. Of the 1,587 licensed warehouses, 1,006 were for grain, 511 for cotton and the remaining 70 for various other commodities. During 1956, the workload under this item increased considerably more than is indicated by the increased number of licensed warehouses. This is due to the fact that 391 warehousemen already licensed expanded or otherwise changed their facilities and applied for revised licenses. Such applications are handled in the same manner as are applications for new licenses. In addition to 391 examinations for such amendment of existing licenses, 140 new licenses were issued.

Number of Licensed Warehouses

Year	Total Number	Capacity (millions)	
		Grain (Bushels)	Cotton (Bales)
1940	1,291	187.7	10.1
1946	1,338	271.2	10.6
1950	1,483	380.1	11.0
1951	1,467	449.4	11.0
1952	1,434	459.7	11.0
1953	1,444	484.4	10.5
1954	1,500	543.3	11.0
1955	1,545	645.0	11.8
1956	1,587	711.0	12.6
1957(Est.)	1,600	750.0	13.3
1958(Est.)	1,625	780.0	13.5

b. Continuing increase in occupancy prevents attainment of higher inspection rate. The average number of supervisory examinations by warehouse examiners in 1956 was 1.65 as compared with 1.60 in 1955. Despite the fact that the 1956 appropriation carried an increase for this work, the average number of supervisory inspections did not increase materially. This is due partly to the large number of amended licenses issued, the increased occupancy of licensed facilities and the fact that the new personnel were untrained in this work. Although a

further increase in 1957 will permit the employment of additional warehouse examiners in 1957, it will be difficult to increase the current rate of examinations per warehouse because of still greater stocks on hand in licensed warehouses.

Federal warehouse receipts representing over 2 billion dollars worth of stored products are now outstanding. The responsibility for verifying the validity of these warehouse receipts as an instrument of credit by maintaining a check of the products back of them can be carried out only by making examinations.

c. Over-all operation of program improved. Decentralization of certain functions formerly assigned to the Washington office has made for more efficient and more economical operations as follows:

(1) Tariffs filed by warehousemen, formerly reviewed and analyzed in the Washington office are now filed in the nine field offices. Field supervisors analyze changes and deal directly with warehousemen. Only unusual situations are referred to Washington for review and assistance.

(2) Preparation of annual renewal bonds, formerly a function of the Washington office was transferred to the field offices in 1956.

(3) These operational changes have resulted in the release of 2 Washington employees to strengthen the examining staff in the field.

6. Federal Cost of Regulatory Activities.

	1956	1957(Est.)	1958(Est.)
Total cost of activity	1,633,587	1,808,350	2,164,700
Less reimbursements	1,366	250	-
Paid from appropriation	1,632,221	1,808,100	2,164,700
Less income to General Revenue Fund of Treasury	65,803	65,375	65,375
Net Cost to taxpayer	1,566.418	1,742,725	2,099,325
Percent of total cost charged to taxpayer	96	96	97
Percent of total cost covered by revenue	4	4	3

V. Administration and Coordination of State Payments

Current Activities:

This project covers the administration and coordination of the Federal matched-fund cooperative marketing service work performed by the States with the assistance of Federal funds provided under the appropriation "Payments to States, Territories, and Possessions." During fiscal year 1956 this work was carried on through 109 approved line projects by 38 States and 3 Territories. This compares with 96 line projects in 36 States and 3 Territories in 1955.

1. Selected Examples of Recent Progress and Trends

a. National workshop aimed at strengthening marketing services through research. The annual Marketing Service Workshop, attended by 140 officials from 30 States, Territories and the Department, was held at Purdue University. Discussions were held in group sessions and individually. They covered all phases of the AMA program with particular emphasis on the need for strengthening the marketing services through the application of research findings. Methods of improving the program were also discussed at various meetings of State Commissioners of Agriculture and the National Association of Marketing Officials.

b. Regional conference held to improve effectiveness of egg marketing program. In addition to the national workshop, a 2-day regional conference was held at Little Rock, Arkansas, attended by representatives of 8 states interested in improving the operation of their egg laws and the effectiveness of their egg marketing programs. Participants included specialists and industry representatives from Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Texas and the U. S. Department of Agriculture.

c. Detailed reports on each project were received from each state, studied, and suggestions made for improvement. Summaries of work done in each State were reproduced and sent to all States. Research findings useful in the State projects were assembled and sent to each State working on the subject covered. The program was analyzed carefully by an advisory committee representing State departments of agriculture and by the advisory committees established to review all commodity and functional activities.

(b) Payments to States, Territories, and Possessions

Appropriation Act, 1957 and base for 1958	$1,160,000
Budget Estimate, 1958	1,260,000
Increase (for additional marketing service work by State Departments of Agriculture and similar agencies under matched fund projects)	+100,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase	1958 (estimated)
Payments for marketing service work under sec. 204(b) of the Agricultural Marketing Act of 1946	$1,000,000	$1,160,000	+$100,000(1)	$1,260,000

INCREASE

(1) Increase of $100,000 for additional matched-fund marketing service work by State Departments of Agriculture and other appropriate State agencies.

Need for Increase: The current scope of agricultural problems requires an increase in the effective work State marketing agencies can do toward their solution. Because of current problems of surpluses and lowered net farm income, rising marketing costs, production shifts in many areas which are creating marketing problems, and the continuous adjustment required of the marketing system to technological progress, this increase is needed to get more work by the States in the marketing field.

These State agencies are probably better qualified through the wide experience of their personnel than any other in rendering on-the-spot assistance to producers and individual firms in making marketing research results effective in local and regional marketing problems. By adapting research results and improved marketing practices to the marketing problems of their own areas they help to increase outlets, move seasonal surpluses, reduce marketing costs and maintain product quality.

The increase would enable States to conduct some of the needed projects for which 1957 funds were insufficient. Increasingly in recent years as the greater need for this work has developed and as the program has helped States to deal more effectively with marketing problems, the State governments (and also industry groups) have made more funds available. Most State legislatures are meeting this winter. Many have before them proposals to increase the funds available for this marketing service work. Some States do not permit the State funds to be expended unless they are spent as a part of this Federal-State program.

The distribution of funds to the States each year, which is made on the basis of achieving the greatest amount of marketing service results from the available appropriation, has left unmatched many useful and needed projects, some of which were recommended as first priority by the Advisory Committees. The increase would permit the States to accomplish some of this work in 1958.

All work approved by Advisory Committees. All the current matched-fund marketing service work has been reviewed and approved by the Research and Marketing Act Advisory Committees. The projects approved for expansion will likewise be consistent with the recommendations of these Committees.

Most of increase would be used for expansion of work by States already in program. Since most of the important agricultural States in the country are currently cooperating in this activity, the major part of the increase would be used to expand matched-fund marketing service work in the States now in the program. The balance would be utilized to initiate the program in other States.

The increase would be used principally in the following fields of work:

(a) Increasing sales of agricultural commodities.

1. Finding markets for local seasonal surpluses. Producers are assisted in disposing of local seasonal surpluses by providing shippers, brokers, truckers, and other potential buyers with up-to-date information on (a) location, (b) anticipated supplies, (c) harvest dates, and (d) peak marketing periods for the products concerned, and by conducting special promotional campaigns during the surplus periods.

2. Increasing consumption of products chronically in abundant supply by (a) assistance to producers, shippers, wholesalers, and retailers in improving the effectiveness of their year-round merchandising and advertising activities, (b) special surveys to determine trade opinion regarding improvement shippers should make in their grading, packing and other marketing practices to increaseconsumer acceptability of their products.

(b) Reducing costs and improving operating efficiency.

A portion of the proposed increase would be used to expand services to assist producers, processors and others in reducing marketing costs through the application of improved methods. Recent research results indicate, for example, the savings that can be achieved through the use of newly developed fruit and vegetable containers, improved transportation methods, the adoption of such techniques as transporting milk in bulk rather than cans, and grading eggs on a case lot sample basis to avoid the examination of each egg.

Studies of plant layouts and handling equipment show how efficiencies can be obtained in eviscerating poultry; aerating, drying and storing grain; handling livestock in country auction and concentration yards; handling milk in country plants and disposing of dairy plant waste; moving fruits and vegetables into, within and out of wholesale warehouses; and other types of processing and marketing operations.

(c) Maintaining product quality.

Marketing services aimed at maintaining the quality of farm products from the time they leave the farm until placed in the hands of the consumer at the retail level would be expanded. Much waste and quality losses are caused by improper methods of handling. These losses in the quality and nutritive value of the products which go into consumption increase marketing costs and hamper efforts to expand markets.

The portion of the increase used to assist in reducing these losses would be used for such activities as (a) solving quality problems associated with milk stored on the farm and transported in bulk tanks, and milk moved through cleaned-in-place pipe line installations; (b) handling and storage techniques and equipment for grain which will prevent rodent and insect infestation and deterioration due to moisture; (c) demonstrating new objective methods and devices for measuring maturity of fruits and vegetables so that producers can more accurately determine when to harvest to insure maximum shipping or processing quality; and (d) demonstrating ways of avoiding bruising and loss of condition of poultry and livestock as they move through the marketing system.

Plan of Work: Based on the approval by the Department of Agriculture of projects proposed by the States, which will most effectively carry out the objectives of the program, funds would be paid to the States. These funds, with at least an equal amount supplied by the States, would be used by the State to carry on the work under the approved projects.

STATUS OF PROGRAM

Current Activities:

By getting practical application of improved marketing practices through work by State Departments of Agriculture and similar State agencies, this program aids in maintaining quality, expanding outlets for farm products, and reducing losses from spoilage by improving efficiency in handling and preparation for market. The program also aids in the movement of seasonal surpluses to their best market, in the reduction of marketing costs, and helps to increase returns to farmers from the marketing of their products.

The federal payments, authorized by Section 204(b) of the Agricultural Marketing Act of 1946, are made under cooperative agreements between the U. S. Department of Agriculture and State Departments of Agriculture, Bureaus of Market and similar State agencies for the conduct of eligible marketing service activities on a matched fund basis. The States contribute at least half of the cost and perform the work with State personnel.

The amount of the federal payment to the State is not governed by formula. Payments are based upon an evaluation of the relative urgency of the marketing service problem confronting the State, the probable effectiveness of the proposed plans for solving or alleviating the problems, the ability of the State to carry out the program proposed, and the availability of matching funds.

Georgia, Missouri, and Vermont entered the program in fiscal year 1956, bringing the total number of States and Territories in this activity to 41. Separate State projects conducted totaled 109, an increase of 9 over 1955. As in most recent years, emphasis in these projects has been placed on improving or maintaining product quality and expanding market outlets for agricultural products.

Selected Examples of Recent Progress:

1. Louisiana and Kentucky strawberry growers assisted in moving large crops at satisfactory prices. By following recommendations of State Department of Agriculture specialists in picking, grading, packing, and handling, strawberry growers of Louisiana and Kentucky were able to market crops double the size of those last season at good prices. Louisiana growers sold 788,000 crates in 1956 compared to 352,000 in 1955, and for Kentucky growers the sales were 536,000 crates in 1956 against 262,000 in 1955. The profitable marketing of these increased supplies at only slightly reduced per-crate prices, was accomplished despite larger strawberry supplies from competing areas.

2. New York State apple and maple syrup producers profit from special market information program. For apples, 32 weekly reports on prices, storage holdings, and movements to market, enabled producers and local marketing agencies to take advantage of the best marketing opportunities for their apple crop which represents a commercial production averaging 20 million bushels annually. The reports for maple syrup included data on weekly production prospects, supplies, and gallon and bulk prices by grade. According to producers, these timely reports effectively assisted them in obtaining the best prices for their product, of which New York State is the second largest producer.

3. Grain sanitation program expanded in North Dakota. In North Dakota work was expanded on the grain sanitation program which emphasizes the prevention of deterioration and the elimination of contamination of grain in storage by rodents, birds, and insects. Reports from the State indicate that this work has reduced substantially in the program areas, the quantity of contaminated grain which has to be sold at a discount.

4. Feeder calf sales in Tennessee increased income of producers. Assistance provided by marketing specialists of the Tennessee Department of Agriculture in conducting 11 feeder calf sales at local market points throughout the State last year, is credited with increasing producer returns by about $32,000 on the 4785 head sold. This is equivalent to a premium of 1½ cents per pound over calves of the same quality sold at regular sales. Increasing benefits in future years from the example of these sales is expected, since from them producers learn how to grade, sort, and pool their calves in order to obtain the best prices.

5. North Carolina cattle feeders profited from marketing assistance. The North Carolina Department of Agriculture assisted feeders with small lots of cattle in making direct sales to packing plants on the basis of carcass grade and yield. By marketing these cattle in this manner, feeders realized from 1½ to 3 cents per pound live weight more than they would have through the usual auction method.

6. Marketing assistance program increased returns to Mississippi vegetable and pecan growers. Marketing agents of the Mississippi Department of Agriculture assisted some 15,000 vegetable and pecan growers in improving their returns last year by showing them the proper methods of harvesting, grading, packing, and packaging their products. This work was concentrated at the Farmers Central Market at Jackson, Mississippi, and the several seasonal branch markets over the State through which about $8 million worth of Mississippi-grown products moved during the year. Acreage restrictions on basic crops has resulted in the expansion of a number of vegetable items by growers with limited experience in vegetable marketing. Guidance provided these growers enabled them to increase returns by as much as 20 percent.

7. Marketing program improved returns to West Virginia broiler producers. As a result of the marketing assistance given the broiler industry by the West Virginia Department of Agriculture, broiler growers of that State received additional returns last year estimated at $475,000 on the 22 million birds marketed. This increased income, equivalent to nearly 3/4 of a cent per pound, was achieved by giving growers the current facts on the marketing situation and furnishing buyers over the West Virginia market territory with information on individual flocks. In conjunction with the auction method of selling, also sponsored under this program by the West Virginia Department of Agriculture, this information program has greatly aided the marketing of the State's broiler production, and substantially reduced costs for both the grower and buyer.

8. Quality improvement work on Minnesota dairy products continued. During the 1956 summer season, this State Department of Agriculture program under which a Mobile Bacteriological Laboratory moves about the State examining raw milk, milk in various stages of processing, and pasteurized dairy products in order to ascertain sources of contamination, and to suggest measures to plant managers for quality improvement, was conducted in Stearns, Benton, Morrison, and Sherburne counties.

The improved quality of Minnesota dairy products resulting from this program, as shown by the steadily increasing number of samples that meet State standards, has helped to strengthen the competitive position of Minnesota diary products.

Distribution of Payments

The allotments, by States, for 1956 and 1957 are shown in the following table.

ALLOTMENTS BY STATES

	Actual 1956	Estimated 1957
Alabama	17,211	26,700
Arkansas	13,214	- -
California	98,922	100,000
Colorado	5,105	- --
Florida	45,000	62,800
Georgia	13,300	52,127
Illinois	26,362	23,608
Indiana	41,755	52,300
Iowa	10,000	10,000
Kansas	49,285	53,980
Kentucky	24,954	29,234
Louisiana	65,850	67,655
Maine	40,500	55,500
Maryland	17,507	19,500
Massachusetts	7,700	2,700
Michigan	18,927	25,690
Minnesota	23,961	24,388
Mississippi	36,341	53,319
Missouri	38,600	21,000
Montana	2,695	8,000
New Jersey	2,661	6,065
New York	26,664	24,275
North Carolina	58,856	70,814
North Dakota	24,000	32,886
Ohio	11,500	11,500
Oklahoma	23,000	23,000
Oregon	6,895	27,218
Pennsylvania	7,000	11,544
South Carolina	6,140	6,140
South Dakota	4,813	7,000
Tennessee	14,524	17,407
Texas	15,123	22,000
Vermont	750	4,500
Virginia	38,140	47,000
Washington	37,000	9,280

	Actual 1956	Estimated 1957
West Virginia	32,000	32,000
Wisconsin	65,992	80,000
Wyoming	7,000	11,090
Alaska	3,764	7,030
Hawaii	- - -	8,750
Puerto Rico	16,989	12,000
TOTAL	$1,000,000	$1,160,000

(c) School Lunch Program

Appropriation Act, 1957 and base for 1958	$100,000,000
Budget Estimate, 1958	100,000,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease Retirement Costs (P.L. 854)	1958 (estimated)
1. Food assistance:				
(a) Cash payments to States	$66,871,676	$83,600,000	--	$83,600,000
(b) Commodity procurement	14,825,739	15,000,000	-$37,400(1)	14,962,600
2. Operating expenses	1,089,022	1,400,000	+ 37,400(1)	1,437,400
Unobligated balance	448,835	--	--	--
Total retirement costs (P.L. 854)	[- -]	[- -]	[+65,300]	[65,300]
Total available or estimate	83,235,272	100,000,000	--	100,000,000
Transfer in 1957 estimates to "Salaries and expenses, Office of the Secretary of Agriculture"	925			
Total appropriation or estimate	83,236,197			

(1) An additional $37,400 is required in "Operating expenses" to cover part of the costs of the contribution to the retirement fund, with a corresponding reduction in Section 6, Commodity procurement. The total estimated cost of the retirement contribution is $65,300 of which it is planned to absorb $27,900. Any further absorption would reduce the level of operations below the minimum required for effective administration of this program. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:

   a. Providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade.

   b. Serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;

   c. Expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;

   d. Introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

2. Improve the health and well-being of the Nations's children by:

   a. Providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

      Experience indicates that children who get lunch under this program, compared with those who do not, show:

      (1) more rapid gain in weight and height;

      (2) better attendance records;

      (3) improvement in scholastic standing;

      (4) better deportment;

      (5) higher resistance to colds and other illnesses.

   b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

   a. Apportioning among the States and Territories a minimum of 75 percent of the total funds available on the basis of need as indicated by:

      (1) State per capita income compared with United States per capita income;

      (2) State population of children 5 to 17 years of age.

b. Paying the apportioned funds to State agencies on a quarterly basis to enable them to reimburse participating schools for a portion of the food costs of lunches served when the schools:

(1) agree to operate on a nonprofit basis;

(2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;

(3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;

(4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.

c. Paying the funds directly to participating private schools in the 27 States and Hawaii where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by distributing to schools through State distributing agencies, commodities acquired under:

a. Section 6, National School Lunch Act. Commodities are purchased on the basis of their nutritional value and acceptability, and distributed to schools participating in the school lunch program under this act.

b. Removal of Surplus Agricultural Commodities (Section 32). Surplus commodities are purchased for donation to authorized outlets, including all eligible school lunch programs.

c. Commodity Credit Corporation. Commodities acquired under price support programs may be donated to authorized outlets, including all eligible school lunch programs. (Section 416, Agricultural Act of 1949, as amended.)

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

a. management of funds
b. purchase and storage of food
c. proper use of equipment
d. preparation and serving of meals
e. maintenance of records and preparation of reports
f. development of recipes, particularly to utilize donated and plentiful commodities
g. reasons for participation and non-participation in program.

4. Making reviews and audits which provide for:

a. annual audits of the records of State agencies and selected schools;

b. comprehensive administrative analyses of State agencies' operations under the program;

c. administrative reviews in individual schools as necessary.

Examples of recent progress and trends:

The School Lunch Program furnished noon-day meals to about 1/3 of the Nation's 35,000,000 school children in the fiscal year 1956. This program also utilized 2.7 billion pounds of food, of which 2.3 billion pounds were purchased in local markets and .4 billion pounds were donated by the Department.

A. Peak month participation was 10.5 million children in 1956

Participation in the National School Lunch Program
Fiscal Years 1955 and 1956, by month

Month	Number of Schools		Number of Children	
	Fiscal Years			
	1955	1956	1955	1956
July	1,414	1,379	170,225	156,726
August	7,644	6,051	877,300	837,266
September	52,464	51,045	9,729,094	9,512,147
October	56,373	53,945	10,671,446	10,215,831
November	58,468	56,140	10,972,245	10,536,029
December	58,692	56,511	10,861,575	10,399,229
January	58,860	56,849	10,647,971	10,304,521
February	59,066	57,088	10,501,844	10,199,974
March	59,485	57,077	10,597,669	10,048,775
April	58,731	56,656	10,277,660	9,723,959
May	54,448	53,007	9,676,572	9,201,658
June	18,981	15,368	3,755,591	3,232,814
Average, Sept. - June	53,557	51,369	9,769,167	9,337,494
Peak number	59,485	57,088	10,972,245	10,536,029
Peak Month	March	February	November	November

Year to year comparisons in number of schools participating are affected by the school consolidation program.

B. Number of Each Type of Meal Served and Federal Reimbursement Rate

Item	No. of meals served: 1955 (billion)	No. of meals served: 1956 (billion)	Federal Reimbursement Rates 1/: 1955 (Avg. cents)	Federal Reimbursement Rates 1/: 1956 (Prelim.) (Avg. cents)
Type A Meal (1/3 - 1/2 daily nutritional needs)	1.476	1.604	4.4 2/	4.0 2/
Type B Meal (same as A but in smaller quantities)	.006	.004	3.1 2/	3.0 2/
Type C Meal (1/2 pint of milk only)	.325	.119	1.0	1.0
Total	1,807	1,727	3.8	3.9
Meals served free or at reduced prices	.190	.173	- -	- -

1/ Maximum rate permitted: Type A - 9 cents; Type B - 6 cents; Type C - 2 cents
2/ Average rate per complete meal with milk.

C. Method of Financing the Program

Item	Fiscal Year 1955	Fiscal Year 1956	Fiscal Year 1957 (Est.)
Federal Contribution:			
Direct appropriation			
School Lunch Act:			
Cash payments	$69,142,000	$67,145,648	$83,600,000
Section 6	12,830,253	14,802,020	15,000,000
Total	81,972,253	81,947,668	98,600,000
Donated commodities			
Section 32	26,936,287	65,345,401	119,124,800
Section 416	43,369,550	34,600,803	3,486,400
Total	70,305,837	99,946,204	122,611,200
Special Milk Program	17,241,055	46,275,072	1/ 60,000,000
Total, Federal Contribution	169,519,145	228,168,944	281,211,200
State Contribution:			
State and local government contributions	68,991,000	75,000,000	80,000,000
Other local contributions	53,908,000	65,000,000	70,000,000
Payments by children	336,362,000	379,000,000	415,000,000
Total, State and local contributions	459,261,000	2/ 519,000,000	565,000,000
Total	628,780,145	747,168,944	846,211,200

1/ Represents estimated requirements based upon expenditures during fiscal year 1956. Distribution of additional funds to schools is contingent upon justification of need. A total of $75,000,000 is authorized for program including nonprofit child-care institutions. 2/ Preliminary.

D. Benefits to Agriculture:

Commodities utilized during 1956 in the School Lunch Program cost approximately $488.7 million. Of this amount, about $374.0 million was expended by schools locally--both Federal and State funds. The remaining $114.7 million is the estimated cost of 352.1 million pounds of commodities which the Department purchased and distributed to schools under Section 6 of the National School Lunch Act, Section 32 of the Act of 1935, as amended, and Section 416 of the Agricultural Act of 1949, as amended.

E. Commodities Distributed to the School Lunch Programs during Fiscal Years 1955 and 1956:

Program and Commodity	Fiscal Year 1955		Fiscal Year 1956	
	Pounds	Amount	Pounds	Amount
Section 6 - School Lunch Act:				
Apricots	- -	- -	4,229,215	$1,462,463
Beans, canned	8,362,897	$836,290	- -	- -
Cherries, canned	- -	- -	10,283,744	1,369,795
Grapefruit, cnnd.	12,031,720	1,523,216	17,593,687	2,098,927
Hamburger, frozen	- -	- -	12,245,145	4,192,738
Orange juice, concentrate	5,585,987	997,099	3,656,530	815,406
Peaches, canned	36,161,297	4,520,162	- -	- -
Peanut butter	5,474,579	1,461,165	5,242,405	1,331,047
Peas, canned	9,428,178	901,334	17,171,111	1,799,532
Tomatoes, canned	20,139,366	1,971,644	17,031,585	1,732,112
Tomato paste	4,706,254	619,343	- -	- -
Total	101,890,278	12,830,253*	87,453,422	14,802,020
Section 32:				
Beans, dry	26,996,847	2,834,669	19,290,686	1,776,672
Beef	25,276,464	10,148,500	- -	- -
Butter	6,627,461	4,031,484	18,130,716	11,730,573
Cabbage	- -	- -	277,350	6,656
Cheese	5,495,078	2,202,977	10,267,000	4,527,747
Cottonseed oil and shortening	25,662,660	5,774,099	19,394,438	4,021,176
Cranberry sause, canned	5,667,424	575,810	- -	- -
Figs, canned	3,361,636	436,004	- -	- -
Honey	451,665	81,480	- -	- -
Lard	- -	- -	8,090,810	1,260,548
Milk	4,474,987	850,248	6,803,363	1,251,819
Pork, canned and frozen	- -	- -	64,858,526	38,831,296
Potatoes	43,400	1,016	- -	- -
Potatoes, sweet	- -	- -	11,101,200	580,593
Prunes	- -	- -	6,215,692	481,716
Rice	- -	- -	7,238,691	876,605
Total	104,057,622	26,936,287	171,668,472	65,345,401
Section 416:				
Beans	- -	- -	5,423,255	499,482
Butter	42,174,366	28,286,347	32,976,898	21,336,053
Cheese	24,779,598	10,543,719	18,696,678	8,245,235
Corn	- -	- -	3,696,458	136,399
Milk	17,994,910	3,510,807	15,301,498	2,815,475
Rice	6,749,851	1,028,677	10,199,107	1,235,112
Wheat	- -	- -	6,728,211	333,047
Total	91,698,725	43,369,550	93,022,105	34,600,803
Grand Total	297,646,625	83,136,090	352,143,999	114,748,224

*Excludes $5,308 representing loss in shipment and failure to meet specifications.

F. Estimated Value of Commodities Distributed to the School Lunch Program
Fiscal Year 1956

State	Section 6	Section 32	Section 416	Total
Alabama	$480,352	$1,958,709	$1,034,490	$3,473,551
Arizona	117,826	509,715	321,871	949,412
Arkansas	287,796	1,208,599	670,677	2,167,072
California	682,305	3,729,801	2,081,345	6,493,451
Colorado	123,050	589,013	445,142	1,157,205
Connecticut	138,917	598,711	355,561	1,093,189
Delaware	23,989	160,798	42,479	227,266
District of Columbia	17,908	123,971	55,369	197,248
Florida	462,563	1,850,982	855,568	3,169,113
Georgia	590,846	2,197,547	1,101,712	3,890,105
Idaho	96,533	301,166	143,646	541,345
Illinois	538,171	2,420,485	1,434,188	4,392,844
Indiana	393,107	1,294,390	535,825	2,223,322
Iowa	291,135	792,242	448,576	1,531,953
Kansas	177,416	868,511	585,677	1,631,604
Kentucky	412,104	1,771,584	928,832	3,112,520
Louisiana	709,567	2,720,279	1,286,936	4,716,782
Maine	78,855	304,874	154,418	538,147
Maryland	178,007	733,767	297,632	1,209,406
Massachusetts	259,934	1,614,507	924,882	2,799,323
Michigan	373,851	1,529,060	892,598	2,795,509
Minnesota	381,099	1,214,859	696,713	2,292,671
Mississippi	327,044	1,228,378	580,445	2,135,867
Missouri	405,637	1,502,203	594,127	2,501,967
Montana	50,699	228,167	122,363	401,229
Nebraska	86,482	345,009	198,341	629,832
Nevada	12,682	45,050	31,137	88,869
New Hampshire	52,003	261,597	183,371	496,971
New Jersey	182,815	1,629,972	917,118	2,729,905
New Mexico	64,794	683,585	396,014	1,144,393
New York	857,419	4,688,784	1,744,109	7,290,312
North Carolina	756,638	2,825,858	1,325,915	4,908,411
North Dakota	75,284	324,702	165,245	565,231
Ohio	682,664	2,873,806	1,481,899	5,038,369
Oklahoma	267,012	1,689,284	993,628	2,949,924
Oregon	189,270	654,161	395,567	1,238,998
Pennsylvania	519,614	2,907,679	1,402,446	4,829,739
Rhode Island	37,084	205,059	110,285	352,428
South Carolina	405,277	1,486,462	832,183	2,723,922
South Dakota	47,829	207,165	98,800	353,794
Tennessee	519,638	2,316,388	1,296,148	4,132,174
Texas	700,303	3,456,517	1,875,023	6,031,843
Utah	121,330	463,704	224,373	809,407
Vermont	38,372	270,775	95,451	404,598
Virginia	427,846	1,873,508	1,007,691	3,309,045
Washington	271,353	879,054	469,351	1,619,758
West Virginia	236,905	1,119,532	565,927	1,922,364
Wisconsin	239,997	947,440	531,569	1,719,006
Wyoming	33,102	116,474	41,053	190,629
Subtotal	14,424,424	63,723,883	32,973,716	111,122,023
Alaska	3,440	23,514	14,272	41,226
Hawaii	98,858	427,966	217,207	744,031
Puerto Rico	266,020	1,133,726	1,370,853	2,770,599
Virgin Islands	9,278	36,312	24,755	70,345
Subtotal	377,596	1,621,518	1,627,087	3,626,201
Total	14,802,020	65,345,401	34,600,803	114,748,224

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

SL-1-57

NATIONAL SCHOOL LUNCH PROGRAM

APPORTIONMENT BY STATES OF FUNDS AVAILABLE FOR THE NATIONAL SCHOOL LUNCH PROGRAM
Fiscal Year 1957

Stats	Per Capita Income in 1954 (U.S. $1,770): (1)	Per Capita Income Index a/ (2)	Population 5-17 years July 1, 1954 (3)	State Index b/ (4)	State Quotient (5)	Total Apportionment c/ (6)	State Agency (7)	Private Schools (8)	Matching Percent Required d/ (9)
bama	$ 1,091	1.62236	827,000	1,341,691.72	.0329991	$ 2,758,725	$ 2,676,957	$ 81,768	184.91526
ska	2,375	.74526	36,000	26,829.36	.0006599	55,168	55,168	-	300.00000
zona	1,582	1.11884	234,000	261,808.56	.0064392	538,317	497,634	40,683	268.13559
ansas	979	1.80797	490,000	885,905.30	.0217890	1,821,560	1,784,853	36,707	165.93219
ifornia	2,162	.81869	2,540,000	2,079,472.60	.0511450	4,275,722	4,275,722	-	300.00000
orado	1,686	1.04982	333,000	349,590.06	.0085982	718,810	656,879	61,931	285.76272
necticut	2,361	.74968	441,000	330,608.88	.0081314	679,785	679,785	-	300.00000
aware	2,372	.74621	77,000	57,458.17	.0014132	118,144	95,451	22,693	300.00000
trict of Columbia	2,220	.79730	148,000	118,000.40	.0029022	242,624	242,624	-	300.00000
rida	1,610	1.09938	703,000	772,864.14	.0190087	1,589,127	1,511,095	78,032	272.88135
rgia	1,237	1.43088	944,000	1,350,750.72	.0332219	2,777,351	2,777,351	-	209.66103
m	1,575	(2.02749)	14,000	28,384.86	.0006981	58,361	49,301	9,060	266.94915
aii	1,704	1.03873	130,000	135,034.90	.0033212	277,652	224,957	52,695	288.81357
ho	1,433	1.23517	156,000	192,686.52	.0047392	396,197	382,144	14,053	242.88135
inois	2,155	.82135	1,867,000	1,533,460.45	.0377157	3,153,033	3,153,033	-	300.00000
iana	1,834	.96510	910,089.30	0223838	1,871,286	1,871,286	-	300.00000	
a	1,667	1.06179	592,000	628,579.68	.0154600	1,292,456	1,149,303	143,153	282.54237
sas	1,689	1.04796	438,000	459,006.48	.0112893	943,785	943,785	-	286.27119
tucky	1,216	1.45559	767,000	1,116,437.53	.0274590	2,295,572	2,295,572	-	206.10168
isiana	1,302	1.35945	746,000	1,014,149.70	.0249432	2,085,252	2,085,252	-	220.67796
ne	1,492	1.18633	207,000	245,570.31	.0060398	504,927	426,097	78,830	252.88137
yland	1,940	.91237	572,000	521,875.64	.0128356	1,073,056	891,679	181,377	300.00000
sachusetts	1,922	.92092	975,000	897,897.00	.0220839	1,846,214	1,846,214	-	300.00000
higan	2,017	.87754	1,573,000	1,380,370.42	.0339504	2,838,253	2,396,035	442,218	300.00000
nesota	1,644	1.07664	710,000	764,414.40	.0188009	1,571,755	1,312,779	258,976	278.64408
sissippi	873	2.02749	600,000	1,216,494.00	.0299199	2,501,304	2,501,304	-	147.96609
souri	1,747	1.01317	846,000	857,141.82	.0210815	1,762,413	1,762,413	-	296.10168
tana	1,729	1.02371	147,000	150,485.37	.0037012	309,420	274,814	34,606	293.05086
raska	1,635	1.08257	297,000	321,523.29	.0079079	661,100	582,075	79,025	277.11864
ada	2,414	.73322	43,000	31,528.46	.0007754	64,823	61,276	3,547	300.00000
r Hampshire	1,605	1.10280	118,000	130,130.40	.0032006	267,570	267,570	-	272.03391
r Jersey	2,219	.79766	1,046,000	834,352.36	.0205210	1,715,556	1,336,932	378,624	300.00000
r Mexico	1,387	1.27614	214,000	273,093.96	.0067168	561,525	561,525	-	235.08474
r York	2,163	.81831	3,024,000	2,474,569.44	.0608624	5,088,097	5,088,097	-	300.00000
th Carolina	1,190	1.48739	1,123,000	1,670,338.97	.0410822	3,434,472	3,434,472	-	201.69492
th Dakota	1,186	1.49241	159,000	237,293.19	.0058363	487,915	438,147	49,768	201.01695
o	1,983	.89259	1,866,000	1,665,572.94	.0409650	3,424,674	2,892,392	532,282	300.00000
ahoma	1,466	1.20737	527,000	636,283.99	.0156495	1,308,298	1,308,298	-	248.47458
gon	1,757	1.00740	359,000	361,656.60	.0088950	743,622	743,622	-	297.79662
nsylvania	1,785	.99160	2,315,000	2,295,554.00	.0564595	4,720,014	3,765,840	954,174	300.00000
rto Rico	435	(2.02749)	781,000	1,583,469.69	.0389457	3,255,861	3,255,861	-	73.72881
de Island	1,823	.97093	164,000	159,232.52	.0039163	327,403	327,403	-	300.00000
th Carolina	1,063	1.66510	646,000	1,075,654.60	.0264559	2,211,713	2,181,656	30,057	180.16950
th Dakota	1,332	1.32883	159,000	211,283.97	.0051966	434,436	390,159	44,277	225.76272
nessee	1,212	1.46040	846,000	1,235,498.40	.0303873	2,540,378	2,466,700	73,678	205.42374
as	1,574	1.12452	2,027,000	2,279,402.04	.0560623	4,686,808	4,686,808	-	266.77965
h	1,483	1.19353	200,000	238,706.00	.0058710	490,816	483,392	7,424	251.35593
mont	1,408	1.25710	89,000	111,881.90	.0027518	230,051	230,051	-	238.64406
ginia	1,480	1.19595	849,000	1,015,361.55	.0249730	2,087,743	1,991,567	96,176	250.84746
gin Islands	530	(2.02749)	8,600	17,436.41	.0004289	35,856	35,856	-	89.83050
hington	1,949	.90816	553,000	502,212.48	.0123520	1,032,627	950,175	82,452	300.00000
t Virginia	1,232	1.43669	530,000	761,445.70	.0187279	1,565,652	1,524,467	41,185	208.81356
consin	1,706	1.03751	806,000	836,233.06	.0205673	1,719,426	1,307,228	412,198	289.15254
ming	1,779	.99494	72,000	71,635.68	.0017619	147,295	147,295	-	300.00000
TOTAL	--	--	36,877,600	40,658,409.89	1.0000000	83,600,000	79,278,351	4,321,649	--

United States per capita income ($1,770) divided by State per capita income, except for Guam, Puerto Rico and the Virgin Islands which are assigned the same per capita income index as Mississippi in accordance with the amendment to Section 4 of the National School Lunch Act. This amendment provides that the apportionment to Guam, Puerto Rico and the Virgin Islands shall not exceed 3 percent of the funds appropriated except that in the case of the first apportionment from any annual or supplemental appropriation, the apportionment to Guam, Puerto Rico and the Virgin Islands shall not be less than that amount which will result in an allotment per child of school age equal to the allotment per child of school age in the State (other than Guam, Puerto Rico and the Virgin Islands) having the lowest per capita income among the States participating in such first apportionments.

Per capita income index multiplied by population of ages 5-17, inclusive.

Total of funds apportioned multiplied by State quotients. Under the National School Lunch Act, as amended, not less than 75 percent of the total funds available must be apportioned to the States and Territories. Breakdown between State agency and private schools is based on relative enrollment in public and nonprofit private schools as provided in Section 10 of the National School Lunch Act for any State in which the State Educational Agency by law is not permitted to disburse funds paid to it under this Act to nonprofit private schools.

According to Section 7 of the National School Lunch Act, during fiscal 1957 each State must match three dollars for each dollar of the Federal Government's apportionment to the State, except that, in the case of a State in which the per capita income is below that of the United States, the matching ratio required is decreased by the percentage which the State's per capita income is below the per capita income of the United States. The actual amount of funds required for matching is then determined by taking this percentage of the amount of the total Federal apportionment to the State.

y 9, 1956

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
NATIONAL SCHOOL LUNCH PROGRAM
NUMBER OF CHILDREN AND SCHOOLS PARTICIPATING
Fiscal Year 1956

SL-2-56

State	Children in Elementary and Secondary Schools			Elementary and Secondary Schools
	Total Enrollment 1/ -1-	Number Participating 2/ -2-	Percent Participation -3-	Number Participating 2/ -4-
NORTHEAST				
Connecticut	460,297	87,597	19.0	442
Delaware	75,524	14,322	19.0	95
District of Columbia	127,704	52,087	40.8	183
Maine	208,361	52,207	25.1	499
Maryland	566,856	128,718	22.7	639
Maesachusette	946,517	198,021	20.9	940
New Hampshire	115,701	31,337	27.1	295
New Jersey	1,060,211	120,414	11.4	707
New York	3,094,987	1,218,931	39.4	3,838
Pennsylvania	2,216,574	379,362	17.1	1,736
Rhode Ieland	159,112	25,353	15.9	135
Vermont	81,071	22,574	27.8	277
Weet Virginia	460,242	152,694	33.2	1,547
Area	9,573,157	2,483,617	25.9	11,333
SOUTHEAST				
Alabama	741,971	299,109	40.3	1,423
Florida	682,717	297,237	43.5	997
Georgia	938,372	363,576	38.7	1,551
Kentucky	655,403	257,017	39.2	1,296
Missiesippi	558,176	206,653	37.0	1,090
North Carolina	1,041,963	489,076	46.9	1,566
South Carolina	537,087	257,236	47.9	1,070
Tenneeeee	750,224	324,602	43.3	1,933
Virginia	758,540	267,133	35.2	1,287
Area	6,664,453	2,761,639	41.4	12,213
MIDWEST				
Illinoie	1,875,891	384,831	20.5	2,558
Indiana	928,529	248,896	26.8	1,193
Iowa	583,179	193,826	33.2	1,069
Michigan	1,613,742	273,394	16.9	1,444
Minnesota	707,419	251,882	35.6	1,475
Miseouri	862,272	266,006	30.8	2,298
Nebraska	284,897	57,032	20.0	419
North Dakota	137,165	48,258	35.2	801
Ohio	1,828,992	459,118	25.1	1,891
South Dakota	149,344	31,006	20.8	297
Wieconsin	793,275	171,108	21.6	1,719
Area	9,764,705	2,385,357	24.4	15,164
SOUTHWEST				
Arkansas	426,834	182,569	42.8	952
Colorado	323,743	88,230	27.3	664
Kansae	474,408	116,814	24.6	1,021
Louieiana	701,441	461,637	65.8	1,606
New Mexico	202,767	44,813	22.1	298
Oklahoma	483,206	168,805	34.9	1,763
Texas	1,855,367	476,103	25.7	2,693
Area	4,467,766	1,538,971	34.4	8,997
WESTERN				
Arizona	212,092	78,565	37.0	324
California	2,668,684	466,354	17.5	2,674
Idaho	142,563	54,435	38.2	437
Montana	138,671	38,596	27.8	434
Nevada	48,858	7,789	15.9	71
Oregon	362,101	116,132	32.1	675
Utah	196,054	75,999	38.8	383
Waehington	557,277	172,998	31.0	978
Wyoming	74,948	20,850	27.8	127
Area	4,401,248	1,031,718	23.4	6,103
CONTINENTAL U. S.	34,871,329	10,201,302	29.3	53,810
TERRITORIES				
Alaeka	30,237	3,067	10.1	21
Hawaii	149,262	85,663	57.4	175
Puerto Rico	577,936	241,092	41.7	2,102
Virgin Islande	7,681	4,913	64.0	33
Territories	765,116	334,735	43.7	2,331
U. S. & TERRITORIES	35,636,445	10,536,037	29.6	56,141

1/ Source: Lateet data available from the U. S. Office of Education. Enrollment data for public schools is for 1955-56 except for North Dakota and Virgin Ielande for which 1953-54 data ie used. Private echool enrollment is for 1953-54.

2/ November 1955. The number of echools and children may have been higher in some States during other monthe but November wae the peak month in terms of children participating nationally.

FDD-10/1/56
Agriculture-Washington

STATUS OF THE SPECIAL MILK PROGRAM

Authority

The Special School Milk Program which was initially authorized to operate in nonprofit schools of high-school grade and under became the Special Milk Program late in fiscal year 1956 when Congress enacted legislation to expand the program to include nonprofit nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. The program was extended through fiscal year 1958 with authorized funds increased to $60,000,000 for fiscal year 1956 and $75,000,000 for the years 1957 and 1958.

Purpose

The primary objective of the program is to increase the consumption of fluid milk by children of school age and, thereby, help to reduce the movement of manufactured dairy products into CCC inventories.

Operation

1. Assistance is provided, in the form of reimbursement payments, to eligible schools and child-care institutions to help them to inaugurate a milk service or to expand the existing service through reducing prices to children and establishing new times of service.

    a. For schools and child-care institutions which offer milk as a separately priced item to children, the amount of reimbursement provided, within the established maximum rate, depends upon the amount by which the school or institution reduces the selling price to children and the cost of handling milk within the school or institutions.

    b. For schools and institutions that do not offer milk to children as a separately priced item, the amount of reimbursement provided, within the established maximum rate, is related to the cost of the additional milk served to children.

2. The maximum reimbursement to National School Lunch Program schools is 4 cents for each half pint served in excess of the half pint served by schools as a part of the Type A or B lunches, and 3 cents per half pint for all other schools.

3. The maximum reimbursement to camps and child-care institutions is 3 cents for each half pint served. The actual rate assigned, within this maximum, will be at a level which will reimburse the participating agency up to the cost of the additional milk served to children.

4. Provisions have been established to insure that maximum use of the reimbursement payments is made to reduce the price of milk to children as a means of encouraging increased consumption. Schools, camps, and child-care institutions where milk is not offered to children as a separately priced item must submit for approval the specific methods and practices by which they will increase milk consumption under the program.

5. The program is administered within the States by the State Agencies to the greatest extent possible. Funds for reimbursement payments are advanced to State Agencies in amounts consistent with anticipated program needs.

Accomplishments

During the first year of operation (1954 - 55) over 8.6 million children in over 41,000 schools participated in the consumption of about 450 million additional half-pints of milk over the normal consumption of the schools participating. In the second year of operation (1955 - 56) about 1.4 billion half-pints of milk were served to children in over 62,000 schools participating in the program.

Special School Milk Program
Number of Half-pints of Milk Reimbursed

Month	FISCAL YEAR 1955	1956
July	- -	685,000
August	- -	1,969,000
September	18,698	104,518,000
October	9,656,795	163,841,000
November	39,008,060	156,426,000
December	42,072,079	118,722,000
January	68,341,692	167,574,000
February	70,170,601	168,703,000
March	86,295,453	163,223,000
April	64,896,773	157,704,000
May	59,849,202	155,883,000
June	9,500,599	40,695,000
Total	449,809,952	1,399,943,000

The following Table I reports the operations for 1956 and Table II the estimated obligations for the 1957 fiscal year.

UNITED STATES DEPARTMENT OF AGRICULTURE — TABLE I
Agricultural Marketing Service
Special Milk Programs — Preliminary
Report of Special School Milk Program Operations - Fiscal Year 1956

State	Number of Schools Participating (March-Peak Month)	Est.No.of Half-Pints of Milk Reimbursed (Thousand)	Estimated Federal Expenditures
Alabama	1,361	23,946	928,012
Arizona	325	7,466	257,128
Arkansas	947	15,144	598,424
California	4,269	145,322	3,994,000
Colorado	748	11,460	398,641
Connecticut	506	11,649	375,000
Delaware	105	4,071	151,293
District of Columbia	182	7,846	185,200
Florida	970	24,280	687,484
Georgia	1,217	18,226	664,682
Idaho	327	5,159	185,309
Illinois	3,814	109,582	3,776,000
Indiana	1,177	29,467	1,060,000
Iowa	1,567	33,014	1,210,793
Kansas	907	14,438	505,900
Kentucky	1,180	23,307	894,500
Louisiana	697	7,512	299,650
Maine	716	7,137	241,321
Maryland	839	24,215	903,196
Massachusetts	2,096	62,637	2,114,700
Michigan	3,752	88,897	2,687,639
Minnesota	2,156	44,019	1,546,816
Mississippi	919	15,547	607,095
Missouri	2,518	36,504	1,369,008
Montana	251	3,527	119,028
Nebraska	520	8,192	286,779
Nevada	61	1,332	41,741
New Hampshire	306	3,532	123,877
New Jersey	1,094	29,961	1,033,753
New Mexico	376	7,168	249,423
New York	3,614	162,633	4,275,000
North Carolina	1,818	25,447	930,501
North Dakota	345	4,656	175,224
Ohio	2,640	82,452	2,767,926
Oklahoma	893	14,107	479,089
Oregon	567	8,887	304,000
Pennsylvania	3,368	57,140	1,873,271
Rhode Island	282	5,721	200,620
South Carolina	772	7,579	285,512
South Dakota	305	6,180	209,443
Tennessee	2,192	36,461	1,285,157
Texas	1,877	38,050	1,422,496
Utah	282	2,257	89,175
Vermont	350	3,150	112,934
Virginia	1,261	26,312	992,224
Washington	1,018	23,533	910,856
West Virginia	861	7,833	291,093
Wisconsin	3,846	60,560	2,084,358
Wyoming	128	2,378	89,801
Total	62,322	1,399,943	46,275,072

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Special Milk Program
Estimated Division of Funds - Fiscal Year 1957

TABLE II
Preliminary

State	Total Available	To State Agencies	To Individual Outlets
Alabama	$1,206,140	$1,170,000	$36,140
Alaska	36,000	36,000	- -
Arizona	330,344	275,874	54,470
Arkansas	778,047	753,867	24,180
California	5,192,200	5,192,200	- -
Colorado	519,006	472,206	46,800
Connecticut	487,500	487,500	- -
Delaware	203,350	190,220	13,130
District of Columbia	240,760	240,760	- -
Florida	893,360	832,000	61,360
Georgia	864,110	862,030	2,080
Hawaii	130,000	105,328	24,672
Idaho	239,850	223,860	15,990
Illinois	4,908,800	4,908,800	- -
Indiana	1,378,000	1,378,000	- -
Iowa	1,574,696	1,402,446	172,250
Kansas	657,670	657,670	- -
Kentucky	1,162,850	1,162,850	- -
Louisiana	389,545	389,545	- -
Maine	317,673	258,393	59,280
Maryland	1,182,067	1,085,867	96,200
Massachusetts	2,749,110	2,749,110	- -
Michigan	3,495,772	2,973,952	521,820
Minnesota	2,011,230	1,763,060	248,170
Mississippi	906,620	906,620	- -
Missouri	1,779,710	1,779,710	- -
Montana	154,216	130,946	23,270
Nebraska	372,810	320,030	52,780
Nevada	53,075	46,705	6,370
New Hampshire	161,040	161,040	- -
New Jersey	1,338,350	1,206,270	132,080
New Mexico	324,250	324,250	- -
New York	5,859,900	5,859,900	- -
North Carolina	1,209,651	1,209,651	- -
North Dakota	228,020	193,960	34,060
Ohio	3,787,023	3,325,133	461,890
Oklahoma	622,816	622,816	- -
Oregon	395,200	395,200	- -
Pennsylvania	2,452,973	2,148,773	304,200
Rhode Island	260,806	260,806	- -
South Carolina	370,890	352,560	18,330
South Dakota	272,350	239,200	33,150
Tennessee	1,752,890	1,677,360	75,530
Texas	1,849,245	1,849,245	- -
Utah	134,919	117,369	17,550
Vermont	146,814	146,814	- -
Virginia	1,289,713	1,227,053	62,660
Washington	1,178,580	1,105,000	73,580
West Virginia	374,488	354,208	20,280
Wisconsin	2,710,396	2,157,636	552,760
Wyoming	116,741	116,741	- -
Unallocated*	13,948,434	- -	
Total	75,000,000	57,806,534	3,245,032

*Available for allotment when needs are justified.

(d) Perishable Agricultural Commodities Act Fund

Appropriation, 1957 and base for 1958 (from receipts)	$546,000
Budget estimate, 1958 (from receipts)	675,000
Increase (in annual permanent appropriation due to estimated increase in revenue)	129,000

Note: A total of $965,401 is estimated to be available for obligation in fiscal year 1958, including an unobligated balance of $290,401 to be carried forward from 1957. Of this total, the estimates tentatively forecast obligations of $684,000 for fiscal year 1958, an increase of $124,000 compared with 1957, which leaves an unobligated balance of $281,401 to be carried forward into fiscal year 1959.

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease	1958 (estimated)
Licensing dealers and handling complaints ...	$493,678	$560,000	+$124,000(1)	$684,000
Unobligated balance brought forward	-359,442	-304,401	+14,000	-290,401
Unobligated balance carried forward	304,401	290,401	-9,000	281,401
Total appropriation or estimate	438,637	546,000	+129,000	675,000

INCREASE

(1) An increase of $124,000 in obligations to carry out more effectively the provisions of the Perishable Agricultural Commodities Act, as amended.

Need for Increase: Public Law 842, approved July 30, 1956, amends the Perishable Agricultural Commodities Act of 1930 in several respects to provide greater strength and more effectiveness. The amendments do not broaden the scope or the original intent of the Act of 1930. The law was amended for the purpose of correcting certain deficiencies which had become apparent in the administration of the Act. To carry out these amendments will entail a considerable increase in the workload of the Department as indicated in the following tabulation.

	1956	1957 (Est.)	1958 (Est.)
Complaints on hand beginning of year	760	692	642
Complaints received or reopened	2,140	2,350	2,500
Total complaints handled	2,900	3,042	3,142
Formal decisions	288	250	320
Informal amicable settlements	1,036	1,200	1,270

Changes in marketing methods and practices which have taken place since 1930 have resulted in more complex business transactions and larger numbers of complaints. These in turn have resulted in appreciable backlogs and delays in investigations, reviews, and decisions. These deficiencies, backlogs and delays brought about criticism from industry representatives and pointed up the need for amendment to the law. In testimony at the hearings on H. R. 5337 (P.L. 842) the industry representatives supported all phases of the amendment and stated that they were willing to pay the cost of obtaining the necessary services.

The additional workload resulting from these amendments will be in connection with:

A. Broadened authority of the Department to deny licenses.

B. Authority to investigate in order to uncover misbranding and mislabeling whether or not complaint has been filed.

C. Authority to take corrective action on mislabeling or misbranding whether or not fraud is involved.

Under the original law the Department was authorized to inspect records of licensees upon receipt of complaint. It was necessary to prove "fraudulent purpose" in connection with the misbranding of any perishable agricultural commodity. Such proof has been eliminated under the amendment and, in addition, the Department now may inspect produce to verify designations of grade or State of origin as well as inspect the records of a licensee. If inspection of produce is refused the license may be suspended for a period up to 90 days. Also, licenses may be denied to applicants who have at any time been convicted of a felony or who have within the past 3 years been involved in bankruptcy proceedings.

Plan of Work: Additional technical and clerical personnel will be added to the staff to handle regular complaint work which has been increasing and which comprises a large part of the workload under the Act. Additional personnel will also be required for checking the branding as to grade and State of origin of major fruits and vegetables at shipping points and terminal markets. Most of the technical employees will be in almost continual travel status in order to check on as many as possible of the thousands of packers and repackers scattered through the country who are subject to the Act. More intensive screening of applications for licenses will be performed to determine that applicants are eligible.

The license fee will be insreased to provide the necessary funds for carrying out these requirements.

STATUS OF PROGRAM

Current Activities

This special fund, replenished by license fees, is used for the administration of the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts. These laws are designed to (1) protect producers, distributors, consumers, and others, from unfair and fraudulent practices in the marketing of perishable agricultural commodities; (2) prevent the destruction or dumping of farm products; and (3) promote foreign trade in apples and pears. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of the contract; false or misleading statements, and misbranding, etc., are prohibited.

All commission merchants, dealers and brokers who handle fresh and frozen fruits and vegetables in interstate and foreign commerce must be licensed under the Perishable Agricultural Commodities Act.

Anyone financially interested in a transaction covered by the law may request the assistance of the Department. The Department will promptly communicate with the other party, make necessary investigation, endeavor to bring about an amicable informal settlement, take formal action, if necessary, give each party an opportunity to present his side fully, determine the loss or amount of damage to be paid, and if the violation is found to warrant such action, publish the facts and suspend or revoke the offender's license. The majority of cases involve questions of quality and condition. Much of the evidence is supplied by the inspection certificates and other pertinent information furnished by complainants and respondents.

Activities under these acts include licensing, collections of fees, and investigation and handling of complaints and violations.

Financing

Under authority of the Perishable Agricultural Commodities Act, as amended, annual license fees, together with arrearage fees, are deposited into a special fund. All expenses, except legal services, for administration of the Perishable Agricultural Commodities, Produce Agency and Export Apple and Pear Acts are paid from this fund. During 1956 the license fee was $15. Public Law 842, approved July 30, 1956, authorized an increase in the fee to a maximum of $25.

Revenue and Obligations

	Revenue Collected and Obligations Incurred				
	1954	1955	1956	1957(Est.)	1958(Est.)
Fees and arrearages collected	$428,157	$444,174	$438,637	$546,000	$675,000
Balance from prior years used	- - -	- - -	55,041	14,000	9,000
Obligations	384,170	419,745	493,678	560,000	709,400 1/

1/ Includes $25,400 for retirement costs to be advanced from "Marketing Research and Service."

Selected Examples of Recent Progress and Trends

PAC Act Strengthened by Amendment

Public Law 842, approved July 30, 1956 amends the Perishable Agricultural Commodities Act to correct certain deficiencies which had become apparent in the administration of the Act. In addition to authorizing an increase in the annual license fee, the amendment (1) strengthens the provisions relating to misbranding or misrepresentation of grade and origin of fresh fruits and vegetables; (2) permits the Secretary to deny issuance of a license to any person convicted of a felony in any State or Federal Court; (3) authorizes the Secretary to deny a license to any applicant involved in bankruptcy proceedings within 3 years unless the applicant furnishes bond or other assurance satisfactory to the Secretary; (4) empowers the Secretary to suspend the license of a person employing in any responsible position an individual whose license is under suspension; and (5) provides authority for the inspection of any perishable commodity covered by the Act.

This amendment was recommended by the fruit and vegetable industry and is expected to result in improved marketing practices in these commodities. Revision of the Department's Regulations and explanatory pamphlets and other material will be prepared during 1957 to reflect the changes in the law.

Licensing

Activities Increased as compared with 26,822 a year ago. Licenses in effect as of June 30, 1956 totalled 26,838 and number of licenses in effect at the end of the past 3 years and estimated for 1957 and 1958 are as follows:

Activity	Fiscal Year				
	1954	1955	1956	1957(Est.)	1958(Est.)
Licenses renewed	19,912	20,378	20,553	20,538	20,250
New licenses issued	6,460	6,444	6,285	6,462	6,750
Licenses terminated	5,533	5,994	6,269	6,300	6,700
Total actions	31,905	32,816	33,107	33,300	33,700
In effect June 30	26,372	26,822	26,838	27,000	27,000

Complaints and Reparations

Complaints Decrease and Reparations Increase During 1956, informal advice and counsel given the industry were instrumental in the settlement of disputes before they reached the complaint stage. This assistance is reflected in the reduction in the number of complaints filed.

There were 2,900 complaints to be handled in 1956 including 760 from fiscal year 1955 and 46 reopened during 1956. A total of 2,208 of these cases were settled during 1956 leaving 692 to be taken up in 1957.

Analysis of Complaint Work and Reparations Awarded

	Fiscal Years				
	1954	1955	1956	1957(Est.)	1958(Est.)
Complaints:					
On hand beginning of year	775	828	760	692	642
Received or reopened	2,416	2,285	2,140	2,350	2,500
Total to be handled	3,191	3,113	2,900	3,042	3,142
Formal decisions	282	235	288	250	320
Informal amicable settlements	1,120	1,144	1,036	1,200	1,270
Otherwise closed	961	974	884	950	950
Pending June 30	828	760	692	642	602
Reparations:					
Awarded -Formal orders	$315,304	$247,920	$299,523	$300,000	$325,000
Payments - amicable settlements	920,318	994,939	975,962	1,000,000	1,000,000
Total	1,235,622	1,242,859	1,275,485	1,300,000	1,325,000

Basis for Settlements Settlements are made on the basis of precedents established by Secretary's Orders in previous cases handled. These decisions, published and distributed to the Industry, are used as the basis for settling disputes informally. The cases referred to the Department are, in general, those which are difficult and those for which no precedents have been established. In fiscal year 1956 there were 288 formal decisions, an increase of 53 over the previous year.

Investigations Made and Settlements Reached. Personal investigations were conducted in 859 cases, 41 cases were submitted to arbitration, a reduction from the 78 cases submitted in fiscal year 1955. Many dealers favor this method of settling their disputes and are willing to sign agreements to accept the decision rendered as final and binding on both parties.

Amicable settlements were effected in approximately 50 percent of the cases closed and payments of nearly $976,000 made to the complaining parties.

A total of 159 disciplinary cases were handled including misbranding complaints totaling 104. Two outstanding cases involved shippers who shipped misbranded potatoes after obtaining inspection certificates. Both admitted the violations and agreed to suspend all produce operations for a period of 90 days.

The remaining 55 disciplinary complaints included questioning the applicants' fitness to hold a license under the Act, failure to maintain adequate records, operating without valid license, etc. Penalties were imposed in 28 cases compared to 5 cases in the previous year. In 8 cases licenses were revoked and 7 dealers were enjoined by U. S. Courts from operating without license.

Backlog Reduced. Continuous efforts have reduced the backlog of cases to 692, the smallest number since 1947. Of the 692 cases pending there are 146 reparation and 14 disciplinary cases in the Office of the General Counsel and in the Justice Department.

Produce Agency Act Cases. Under this Act there were 38 new cases filed compared with 53 in the preceding year. 29 cases were carried over from the prior year. 39 cases were closed, 26 by amicable settlement, and 28 cases were pending at close of year. Two cases involving fruits and vegetables were prosecuted in Federal Court. In one case the defendent was fined and placed on probation for two years and in the other case the defendent was fined.

The Attorney General has determined that cut flowers are subject to the provisions of the Produce Agency Act.

Export Apple and Pear Act. No complaints were filed under the Export Apple and Pear Act during the 1956 fiscal year.

(e) Removal of Surplus Agricultural Commodities (Section 32)

Appropriation, 1957	$199,976,003
Transferred to:	
"Promote and develop fishery products and research pertaining to American fisheries, Fish and Wildlife Service," Department of the Interior, pursuant to Public Law 1024, 84th Congress	-4,359,115
Base for 1958	195,616,888
Budget Estimate, 1958:	
Annual permanent appropriation $223,500,000	
Less estimated transfer to Department of Interior pursuant to Public Law 1024, 84th Congress ... -4,600,000	218,900,000
Increase (in annual permanent appropriation for Section 32 purposes)	+23,283,112

Note: Due to an estimated unobligated balance to be carried forward from fiscal year 1957 of $198,295,141, a total of $417,195,141 is estimated to be available in fiscal year 1958 to the Department of Agriculture. Of this total, the estimates tentatively forecast obligations of $242,499,000, an increase of $426,200 compared with 1957, which would result in an unobligated balance of $174,746,141 being carried forward into the fiscal year 1959.

SUMMARY OF INCREASES AND DECREASES, 1958 (on the basis of available funds)

Decrease in surplus removal operating expenses	-87,000
Increase for administration of marketing agreements and orders	+262,500
Increase for development of foreign market outlets for surplus American agricultural commodities	+88,600
Increase for contributions to the retirement fund pursuant to Public Law 854	+162,100

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease: Retirement Cost (P.L.854)	Increase or Decrease: Other	1958 (estimated)
1. Direct purchases	$206,743,042	$213,128,000	- -	- -	$213,128,000
2. Encouragement of exportation	4,110,989	10,047,000	- -	- -	10,047,000
3. Diversion to by-products and new uses	3,435,891	12,280,000	- -	- -	12,280,000
4. Surplus removal operating expenses	1,877,280	3,150,000	- -	(1) -$87,000	3,063,000
5. Marketing agreements and orders	1,377,840	1,500,000	+$74,500	(2) +262,500	1,837,000
6. Foreign market promotion	1,356,812	1,707,300	+75,100	(3) +88,600	1,871,000
7. Import controls	202,273	210,500	+12,500	- -	223,000
Total obligations	219,104,127	242,022,800	+162,100	+264,100	242,449,000

(Continued on next page)

Project	1956	1957 (estimated)	Increase or Decrease: Retirement Cost (P.L.854)	Increase or Decrease: Other	1958 (estimated)
Unobligated balance carried forward	$244,701,053	$198,295,141	+$162,100	-$23,549,000	$174,746,14
Total retirement costs (P.L. 854)	[- -]	[- -]	[+305,600]	[+16,100]	[321,700
Total available	463,805,180	440,317,941	+162,100	-23,284,900	417,195,14
Recovery of prior year obligations	-1,359,758	- -	- -	- -	- -
Unobligated balance brought forward	-300,000,000	-244,701,053	- -	+46,405,912	-198,295,14
Subtotal	162,445,422	195,616,888	+162,100	+23,121,012	218,900,00
Transferred to Marketing Research and Service, Agricultural Marketing Service"	38,300	- -	- -	- -	- -
Transfer in 1957 estimates to "Salaries and Expenses, Office of the Secretary of Agriculture"	2,049	- -	- -	- -	- -
Subtotal	162,485,771	195,616,888	+162,100	+23,121,012	218,900,00
Transfer to Department of the Interior pursuant to P.L.1024, 84th Congress	4,321,403	4,359,115	- -	+240,885	4,600,00
Total appropriation or estimate	166,807,174	199,976,003	+162,100	+23,361,897	223,500,00

Fund Availability and Balances

The estimates under these projects, particularly 1, 2 and 3, are subject to adjustments contingent upon conditions at the time of use since the extent to which these funds will be required for surplus removal operations will depend upon economic conditions generally, the extent of local market gluts, the volume of agricultural production in this country and foreign countries, and many other complex and unpredictable factors. Further, the type of program developed and the distribution of funds among these projects are dependent upon the action which will best solve the particular surplus removal problem which exists at the time.

In order to make funds available to meet such conditions, and in recognition of the unpredictable factors involved in the use of these funds, Congress has provided for the accumulation of unused balances under this fund up to $300,000,000. The estimates for both 1957 and 1958 are based on the situation as now foreseen. If troublesome surpluses not now foreseen should develop steps would be taken to use additional funds for their removal or diversion as conditions might warrant. The following table reflects the estimated total funds available for Section 32 activities and estimated balances carried forward for fiscal years 1956, 1957, and 1958:

Item	1956	1957 (estimated)	1958 (estimated)
Balance from prior year	$300,000,000	$244,701,053	$198,295,141
Recovery of prior year obligations	1,359,758	- -	- -
Appropriation or estimate	166,807,174	199,976,003	223,500,000
Transfer to Interior Department	-4,321,403	-4,359,115	-4,600,000
Transfer to "Marketing Research and Service" for travel costs under Public Law 189 - 84th Congress	-38,300	- -	- -
Transfer in estimates to Office of the Secretary for personnel investigations work	-2,049	- -	- -
Total available	463,805,180	440,317,941	417,195,141
Obligations	-219,104,127	-242,022,800	-242,449,000
Unobligated balances carried forward to subsequent years	244,701,053	198,295,141	174,746,141

INCREASES AND DECREASES

(1) A net decrease of $87,000 for surplus removal operating expenses. Administrative costs under this project include those incurred in the direct removal of surplus commodities and the distribution by the Agricultural Marketing Service of Section 32 and CCC commodities. The food preservation and marketing of abundant foods projects are also financed from these funds.

Due to estimated savings in program operations, it is estimated that the full costs of payments to the Civil Service Retirement Fund pursuant to P.L. 854 within AMS under Section 32 can be absorbed within this project.

(2) An increase of $262,500 in Marketing Agreements and Orders. The Agricultural Marketing Agreement Act of 1937, as amended, authorizes the Secretary to issue orders applicable to certain enumerated agricultural commodities, including milk, fruits and vegetables. Milk Orders increased from 58 in 1955 to 66 in 1956 and are expected to increase to 71 in 1957. An additional 11 orders are expected to become effective in 1958. Orders covering fruits, vegetables, and tree nuts are expected to increase from 30 in 1955 to 36 in 1957. Orders in effect in 1956 covered an estimated farm value of $1,250 million of milk and $840 million of fruits, vegetables and tree nuts. An increase of $262,500 is needed in 1958 to survey economic and market conditions in the areas affected by proposed new orders; conduct hearings and referenda on requests for new orders and on amendments to existing orders; check compliance with orders; and furnish assistance in administration of the program.

(3) An increase of $88,600 under the project "Foreign Market Promotion." An explanation of this increase is set forth in the justifications for the Foreign Agricultural Service.

(4) An increase of $162,100 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Current Activities:

Under Section 32 of the Act of August 24, 1935, as amended (7 USC 612c), an amount equal to 30 percent of customs receipts during each calendar year and unused balances up to $300 million are available for encouraging the exportation and domestic consumption of agricultural commodities. Current activities for removing from the market surplus agricultural commodities include:

(a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.

(b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.

(c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

The basic authority also provides that these funds shall be devoted principally to perishable nonbasic agricultural commodities (other than those receiving price support under Title II of the Agricultural Act of 1949, as amended) and their products. These commodities are: tung nuts, honey, milk, butterfat, and the products of milk and butterfat. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of Section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose. The remainder of the funds may then be used for other authorized purposes. Not to exceed 25 percent of funds available under the Act may be used for any one commodity or product thereof.

Public Law 540 (84th Congress) provides authority whereby an additional sum of $500,000,000 may be appropriated annually to further carry out the purposes of Section 32, of which not to exceed 50 percent of such funds may be used for any one commodity.

Section 32 funds are also used for operating expenses consisting of:

(a) Surplus removal operating expenses which include administrative costs for direct removal of surpluses from the market, and distribution by the Agricultural Marketing Service of Section 32 and CCC commodities to eligible outlets. These funds are also used to encourage food preservation and marketing of abundant foods through the food trades.

(b) The administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

(c) Development of markets in foreign countries for U. S. surplus or potentially surplus agricultural commodities.

(d) Administration of import programs under Section 32 of the Agricultural Adjustment Act of 1933, as amended.

A discussion of activities "c" and "d" will be found in the justifications for the Foreign Agricultural Service.

Selected Examples of Recent Progress and Trends:

A. Purchase of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1956, approximately 680.8 million pounds of agricultural commodities at a cost of approximately $206.7 million were purchased for distribution through authorized agencies. Distribution was made by 85 agencies to an increased number of participants as compared with 1955.

	1955	1956
(1) School children	10,213,400	10,859,200
(2) Persons in eligible institutions	1,333,600	1,374,700
(3) Individual welfare recipients (average monthly)	2,169,000	2,659,400

2. Commodities Purchased during Fiscal Years 1955 and 1956 for Distribution Through Authorized Agencies

Commodity	Unit	1955		1956	
		Quantity	Value	Quantity	Value
Dairy products:					
Butter	lb.		$170,097	75,588,350	$45,416,021
Cheese	lb.		153,840	57,270,000	22,213,888
Milk	lb.		99,272	56,432,400	10,848,702
Beans	lb.	92,856,179	8,782,715	62,500,000	5,151,018
Cornmeal	lb.	- -	- -	56,127,820	2,507,082
Fruits:					
Cranberry sauce	case		61,982	- -	- -
Figs	ton	1,674	445,559	- -	- -
Prunes, fresh	lb.	- -	- -	6,241,088	483,861
Honey	lb.		4,129	- -	- -
Livestock products					
Beef	lb.		380,808	- -	- -
Lard	lb.	- -	- -	38,731,200	6,033,241
Pork products	lb.	- -	- -	158,841,700	95,215,482
Oils:					
Cottonseed	lb.	59,147,813	13,264,148	39,880,738	8,261,842
Rice	lb.	- -	- -	35,000,000	4,140,771
Vegetables:					
Cabbage	lb.	- -	- -	956,750	22,962
Sweet potatoes	bu.	- -	- -	433,485	1,133,196
Wheatflour	lb.	- -	- -	91,213,750	5,314,976
Total		XXX	23,362,550	XXX	206,743,042

B. Encouragement of exportation of agricultural commodities:

Quantity of Commodities Exported and Payments Made During Fiscal Years 1955 and 1956

Commodity	Unit	1955		1956	
		Quantity	Payment	Quantity	Payment
Fruits:					
Citrus juice, blend s.s.*	case	59,011	$ 26,594	107,869	$34,896
Citrus juice, blend, conc.	gal.	1,462	461	787	181
Citrus salad	case	657	480	4,277	2,394
Grapefruit, fresh	box	361,600	230,954	428,408	218,127
Grapefruit juice, conc.	gal.	75,008	32,771	71,054	26,677
Grapefruit, canned	case	66,886	49,816	28,804	18,713
Grapefruit juice, s.s.	case	621,577	283,530	848,828	265,990
Grapefruit juice, dehyd.	lb.	- -	- -	7,031	633
Oranges, fresh	box	2,651,240	2,013,900	4,197,031	2,235,071
Orange juice, conc.	gal.	841,773	419,188	643,309	224,735
Orange juice, s.s.*	case	525,658	240,713	584,539	185,079
Orange juice, dehyd.	lb.	- -	- -	16,416	1,478
Tangerine juice, conc.	gal.	- -	- -	11,297	3,841
Raisins, dried	ton	21,988	769,825	13,022	390,667
Honey	lb.	21,858,277	544,884	- -	- -
Wheat	bu.	- -	- -	896,667	502,507
Total		XXX	4,613,116	XXX	4,110,989

C. Quantities of Commodities Diverted and Payments Made During Fiscal Years 1955 and 1956

Commodity	Unit	1955		1956	
		Quantity	Payment	Quantity	Payment
Dates	lb.	345	$27,617	8,155,579	$244,667
Honey	lb.	65,755	2,473	- -	- -
Tree Nuts	lb.	367,591	118,467	- -	- -
Potatoes	cwt.	1,221,051	240,103	10,174,650	3,191,224
Total		XXX	388,660	XXX	3,435,891

* Single strength

D. Surplus Removal Operating Expenses

1. Planning surplus removal programs and distributing commodities. In addition to planning surplus removal programs under Section 32, responsibility has been assigned to the Agricultural Marketing Service for the distribution of all surplus commodities. This includes commodities purchased under CCC price support programs which are donated to domestic and foreign outlets.

See Table I for Quantity, and Table II for Cost, of Surplus Commodities Distributed for Domestic and Foreign Use, Fiscal Years 1955 and 1956. The information reflected in these tables represents the fiscal year in which the commodity was distributed and not necessarily the fiscal year in which it was acquired.

2. Food Preservation Program. The work performed under this program supplements the direct distribution activity by furnishing assistance and advice in the preservation of foods and in the operation of preservation centers.

(a) Surplus Foods Preserved During Fiscal Year 1956 by Local Preservation Centers for Redistribution in Processed Form to Schools and Other Outlets.

Commodity	F.Y. 1956 Pounds
Dry beans	134,994
Sweet potatoes	546,071
Fresh Italian prunes	176,451

The commodities which will be processed in 1957 depend upon the volume of local purchases and Federal donations.

(b) Assistance and Advice Furnished to Nonprofit Food Preservation Centers During Fiscal Years 1956 and Estimated for 1957

Project	F.Y. 1956 Number	F.Y. 1957 Number (Est.)
Technical assistance furnished in improving cannery techniques and in installing equipment	114	90
Workshops conducted in food preservation training	79	70
Plant surveys performed	39	45
Floor plans and equipment drawings developed and used	18	25

3. Food Trades Program. Under this program the consumption of plentiful foods is encouraged through normal channels of trade. The workload under this activity is shown in the following table:

Project	F.Y. 1956 Number	F.Y. 1957 Number (Est.)
Average number of foods listed on monthly abundant foods list	12	15
Distribution of monthly abundant foods list	37,826	40,000
National food drives conducted	6	8
Area, State and local food drives conducted	28	24

Major food drives were conducted during the past year on dairy products, beef, pork, rice and potatoes.

E. Marketing Agreements and Orders

1. Activities under the Milk, Fruit and Vegetable Agreement and Order Programs During Fiscal Year 1956 and Estimated for 1957:

Activity	Dairy		F & V	
	1956	1957	1956	1957
Agreement and order programs in effect	66	71	31	36
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	44	47	12	13
Requests received for new programs	9	5	5	5
Amendments issued to existing orders	81	46	7	7
Suspensions issued to existing orders	10	11	2	--
Petitions received for review of various order provisions	13	17	2	2
Petitions disposed of during the year	19	24	--	3
Court cases started during the year	11	14	22	41
Court cases disposed of during the year	9	11	23	35
Hearings held under Administrative Procedures Act	5	12	14	15
Applications reviewed from cooperatives for qualifications to participate under the Act	79	50	--	--
Cases disposed of under the Act	75	65	--	--
Regulatory orders issued under provisions of marketing order	--	--	318	336
Appointment of administrative or control committees	--	--	44	49
Promulgation of committee rule making	--	--	15	25
Budgets approved	65	71	29	34
Investigation of alleged violations	9	12	287	315
Cases referred to Dept. of Justice for prosecution	13	16	54	62
Recodification of Agreements and Orders	--	--	1	1

Activity	Dairy 1956	Dairy 1957	F & V 1956	F & V 1957
Administrators Decisions issued	43	47	9	14
Secretary's Decisions issued	57	47	12	14
Secretary's Referendum Orders issued	17	18	8	15
Import regulations issued under Sec. 8(c)	--	--	15	20

2. Marketing Agreement and Order Programs in Effect for Fluid Milk During Fiscal Year 1956

State	City	Estimated Number of Producers	Est. Amount of Pooled Milk (1,000 lbs.)
Arizona	Central Arizona	466	174,931
Arkansas	Fort Smith; Central Arkansas	1,236	129,872
Delaware	Wilmington	418	3,429
Illinois	Chicago; Quad Cities (Grade A); Rockford-Freeport	23,010	4,753,242
Indiana	Fort Wayne; South Bend-LaPorte	1,957	262,915
Iowa	Cedar Rapids-Iowa City; Dubuque; Sioux City	1,531	273,070
Kansas	Neosho Valley; Southwest Kansas; Topeka; Wichita	2,452	389,837
Kentucky	Louisville; Paducah	2,609	371,148
Louisiana	New Orleans; Shreveport	2,983	404,851
Massachusetts	Boston; Fall River; Merrimack Valley; Springfield; Worcester	15,307	2,270,499
Michigan	Detroit; Muskegon; Upstate Mich.	13,768	1,764,673
Minnesota	Duluth-Superior; Minneapolis-St. Paul	5,735	923,534
Mississippi	Central Mississippi	1,038	148,319
Missouri	Kansas City; Ozarks; St. Louis	8,229	1,226,484
Nebraska	Omaha-Lincoln-Council Bluffs	2,298	305,856
New York	New York	48,417	8,298,963
Ohio	Akron; Cincinnati; Cleveland; Columbus; Dayton-Springfield; Lima; Stark County; Toledo; Tri-State	25,058	3,112,825
Oklahoma	Oklahoma City; Tulsa-Muskogee	2,626	397,440
Pennsylvania	Philadelphia	7,536	1,259,915
South Dakota	Black Hills; Eastern S. Dak.; Sioux Falls-Mitchell	642	130,186
Tennessee	Appalachian; Knoxville; Memphis Nashville	4,320	645,087
Texas	Austin-Waco; Central West Texas; Corpus Christi; North Texas; San Antonio; Texas Panhandle	5,939	1,355,242
Washington	Inland Empire; Puget Sound	4,776	892,827
West Virginia	Clarksburg; Wheeling	1,903	137,998
Wisconsin	Milwaukee	2,579	512,193
	Total, 66 Markets	186,833	30,145,336
	Estimated farm value		$1,250,299,000

3. Fruit and Vegetable Marketing Agreement and Order Programs in Effect During Fiscal Year 1956

Orders in effect	Est. No. of Commercial Producers	Estimated Farm Values ($1,000)
Citrus fruits:		
California - Arizona Navels Misc. Oranges	6,660	$53,418
California - Arizona Valencia Oranges	10,750	59,375
California - Arizona desert grapefruit	2,000	7,491
California - Arizona lemons	6,100	39,396
(a) Florida oranges	)	198,690
(a) Florida grapefruit	15,000)	33,540
(a) Florida tangerines	)	9,798
Florida limes	500	2,016
Deciduous fruits:		
Florida avocados	600	1,568
California Tokay grapes	1,200	11,085
Colorado peaches	800	5,168
Georgia peaches	750	*
Utah peaches	1,300	960
(b) California Bartlett pears	1,200	23,334
(b) California plums	900	15,222
(b) California Elberta peaches	500	10,781
Oregon-Washington-California winter pears	2,350	19,168
Dried fruits:		
California dates	300	2,880
California figs	300	4,707
California dried prunes	6,000	38,745
California raisins	8,000	34,980
Vegetables:		
Peas and Cauliflower - Colorado	74	698
Tomatoes - Florida	1,360	39,507
Potatoes:		
Idaho-Malheur Co., Oregon	8,521	35,561
Colorado	2,594	12,804
Central Oregon-Northern California	1,779	12,930
Maine	4,659	51,460
Virginia-North Carolina	4,059	18,000
Eastern South Dakota	267	870
Washington	1,073	7,943
New England except Maine	1,450	8,514
Nuts:		
California almonds	8,500	28,480
Oregon-Washington filberts	3,400	3,256
Southeastern pecans (5 states)	8,500	7,538
West Coast walnuts	20,000	40,726
Total, 31 orders	XXX	840,609

(a) and (b) - one order each respectively.

* No estimates made due to crop failure in the 1955 season.

TABLE I

Quantity of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1955 and 1956
(Million Pounds)

Program and Commodity	Domestic Distribution								Foreign Distribution		Total Distribution	
	Schools		Institutions		Welfare		Total					
	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956
Section 32:												
Beans	27.0	19.3	10.7	8.7	37.2	32.3	74.9	60.3	- -	- -	74.9	60.3
Butter	6.6	18.1	4.2	10.9	2.9	12.2	13.7	41.2	- -	- -	13.7	41.2
Cheese	5.4	10.3	2.2	5.4	3.2	15.3	10.8	31.0	- -	- -	10.8	31.0
Cottonseed oil and shortening	25.7	19.4	15.5	10.2	30.6	17.5	71.8	47.1	- -	- -	71.8	47.1
Cranberry sauce	5.7	- -	1.7	- -	1/	- -	7.4	- -	- -	- -	7.4	- -
Fruits, deciduous	3.3	6.2	1/	- -	1/	- -	3.3	6.2	- -	- -	3.3	6.2
Honey	.4	- -	.1	- -	- -	- -	.5	- -	- -	- -	.5	- -
Livestock products	25.3	73.0	7.1	21.5	5.6	54.6	38.0	149.1	- -	- -	38.0	149.1
Milk, Nonfat dry	4.5	6.8	1.7	4.5	3.6	15.1	9.8	26.4	- -	- -	9.8	26.4
Rice	- -	7.2	- -	3.9	- -	9.8	- -	20.9	- -	- -	- -	20.9
Vegetables	.1	11.4	.1	8.1	.1	2.5	.3	22.0	- -	- -	.3	22.0
Wheatflour and Cornmeal	- -	- -	- -	- -	- -	127.6	- -	127.6	- -	- -	- -	127.6
Total, Section 32	104.0	171.7	43.3	73.2	83.2	286.9	230.5	531.8	- -	- -	230.5	531.8
Section 416:												
Beans	- -	5.4	- -	2.5	- -	9.1	- -	17.0	- -	49.7	- -	66.7
Butter	42.2	33.0	23.2	19.8	30.1	22.2	95.5	75.0	78.3	98.4	173.8	173.4
Butter oil (butter equiv.)	- -	- -	- -	- -	- -	- -	- -	- -	39.8	99.0	39.8	99.0
Cheese	24.8	18.7	12.9	9.9	36.3	27.8	74.0	56.4	88.0	138.5	162.0	194.9
Cottonseed oil and shortening	- -	- -	- -	- -	- -	- -	- -	- -	54.4	17.0	54.4	17.0
Milk, Nonfat dry	18.0	15.3	11.5	10.1	40.1	34.1	69.6	59.5	271.4	411.2	341.0	470.7
Rice	6.7	10.2	4.6	5.5	11.5	13.8	22.8	29.5	- -	104.0	22.8	133.5
Wheat and corn	- -	10.4	- -	9.0	- -	.5	- -	19.9	- -	302.7	- -	322.6
Total, Section 416	91.7	93.0	52.2	56.8	118.0	107.5	261.9	257.3	531.9	1,220.5	793.8	1,477.8
Total, Sec. 32 & Sec. 416	195.7	264.7	95.5	130.0	201.2	394.4	492.4	789.1	531.9	1,220.5	1,024.3	2,009.6

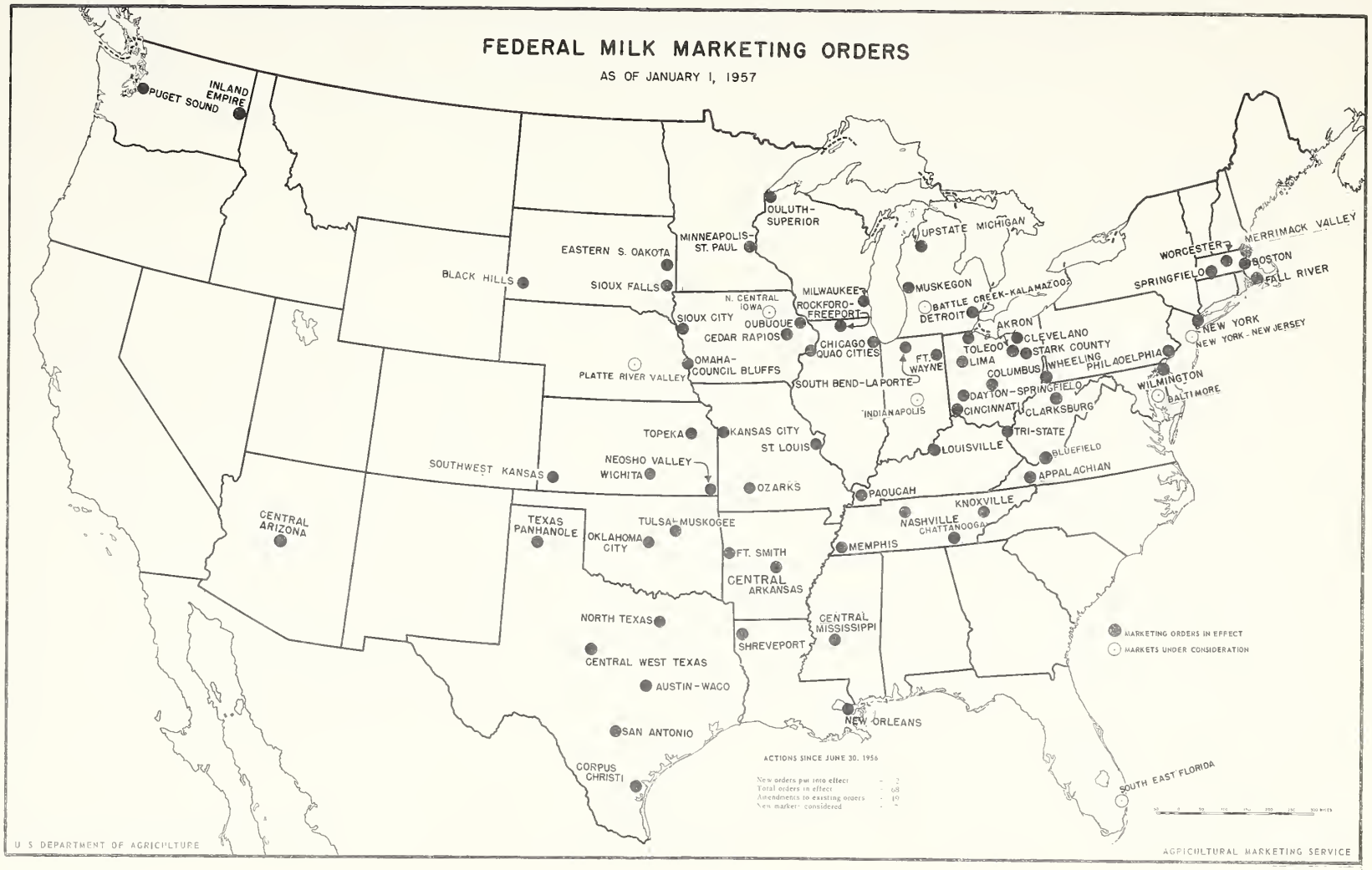
1/ Less than 50,000 pounds. Note: It is estimated that approximately 2,852.1 million pounds may be distributed

TABLE II

Cost of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1955 and 1956
(Million Dollars)

Program and Commodity	Domestic Distribution								Foreign Distribution		Total Distribution	
	Schools		Institutions		Welfare		Total					
	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956
Section 32:												
Beans	$2.8	$1.8	$1.2	$.8	$3.9	$3.0	$7.9	$5.6	- -	- -	$7.9	$5.6
Butter	4.0	11.7	2.6	7.1	1.7	7.9	8.3	26.7	- -	- -	8.3	26.7
Cheese	2.2	4.5	.9	2.4	1.3	6.8	4.4	13.7	- -	- -	4.4	13.7
Cottonseed oil and shortening	5.8	4.0	3.4	2.1	6.9	3.6	16.1	9.7	- -	- -	16.1	9.7
Cranberry sauce	.6	- -	.2	- -	1/	- -	.8	- -	- -	- -	.8	- -
Fruits, deciduous	.4	.5	1/	- -	1/	- -	.4	.5	- -	- -	.4	.5
Honey	.1	- -	1/	- -	- -	- -	.1	- -	- -	- -	.1	- -
Livestock products	10.1	40.1	2.9	9.3	2.2	23.4	15.2	72.8	- -	- -	15.2	72.8
Milk, Nonfat dry	.9	1.2	.3	.9	.7	2.8	1.9	4.9	- -	- -	1.9	4.9
Rice	- -	.9	- -	.4	- -	1.2	- -	2.5	- -	- -	- -	2.5
Vegetables	- -	.6	- -	.4	- -	.1	1/	1.1	- -	- -	1/	1.1
Wheatflour/commeal	- -	- -	- -	- -	- -	6.7	- -	6.7	- -	- -	- -	6.7
Total, Section 32	26.9	65.3	11.5	23.4	16.7	55.5	55.1	144.2	- -	- -	55.1	144.2
Section 416:												
Beans	- -	.5	- -	.2	- -	.9	- -	1.6	- -	4.6	- -	6.2
Butter	28.3	21.3	15.5	12.8	20.2	14.4	64.0	48.5	57.7	63.6	121.7	112.1
Butter oil	- -	- -	- -	- -	- -	- -	- -	- -	36.9	67.3	36.9	67.3
Cheese	10.6	8.3	5.5	4.4	15.4	12.2	31.5	24.9	39.3	61.1	70.8	86.0
Cottonseed oil and shortening	- -	- -	- -	- -	- -	- -	- -	- -	13.5	3.6	13.5	3.6
Milk, Nonfat dry	3.5	2.8	2.2	1.8	7.9	6.3	13.6	10.9	49.8	75.7	63.4	86.6
Rice	1.0	1.2	.7	.7	1.8	1.7	3.5	3.6	- -	12.6	3.5	16.2
Wheat and corn	- -	.5	- -	.4	- -	1/	- -	.9	- -	14.0	- -	14.9
Total, Section 416	43.4	34.6	23.9	20.3	45.3	35.5	112.6	90.4	197.2	302.5	309.8	392.9
Total, Sec. 32 & Sec. 416	70.3	99.9	35.4	43.7	62.0	91.0	167.7	234.6	197.2	302.5	364.9	537.1

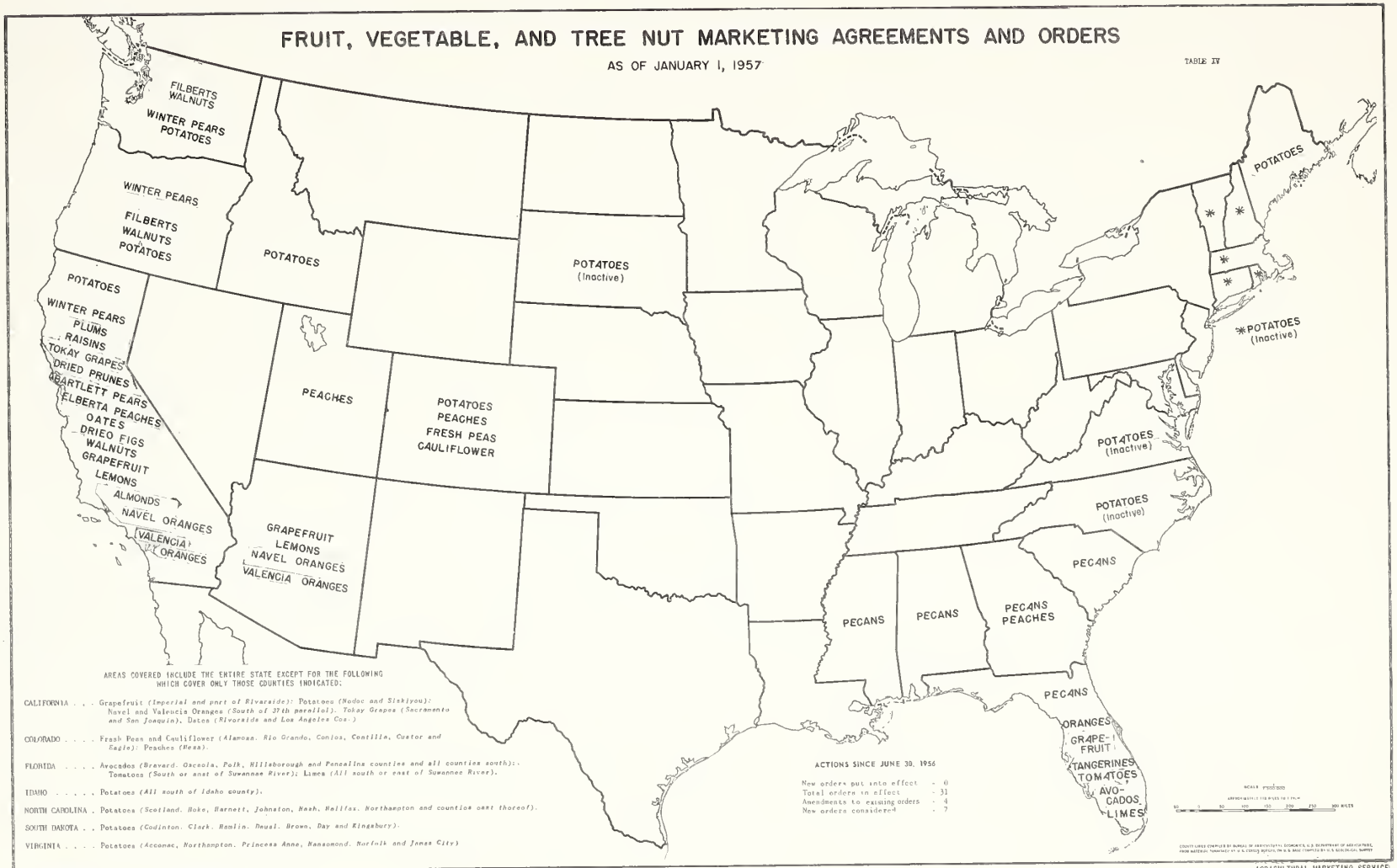
1/ Less than $50,000. Note: It is estimated that commodities valued at approximately $437.8 may be distributed during fiscal year 1957.


FEDERAL MILK MARKETING ORDERS
AS OF JANUARY 1, 1957
INLAND EMPIRE
PUGET SOUND
BLACK HILLS
EASTERN S. DAKOTA
SIOUX FALLS
MINNEAPOLIS-ST. PAUL
DULUTH-SUPERIOR
N. CENTRAL IOWA
SIOUX CITY
DUBUQUE
CEDAR RAPIDS
OMAHA-COUNCIL BLUFFS
PLATTE RIVER VALLEY
MILWAUKEE
ROCKFORD-FREEPORT
CHICAGO
QUAD CITIES
SOUTH BEND-LAPORTE
INDIANAPOLIS
UPSTATE MICHIGAN
MUSKEGON
BATTLE CREEK-KALAMAZOO
DETROIT
FT. WAYNE
AKRON
CLEVELAND
TOLEDO
STARK COUNTY
LIMA
COLUMBUS
WHEELING
PHILADELPHIA
DAYTON-SPRINGFIELD
CINCINNATI
CLARKSBURG
WILMINGTON
BALTIMORE
NEW YORK
NEW YORK-NEW JERSEY
WORCESTER
MERRIMACK VALLEY
SPRINGFIELD
BOSTON
FALL RIVER
TOPEKA
KANSAS CITY
ST LOUIS
SOUTHWEST KANSAS
NEOSHO VALLEY
WICHITA
OZARKS
LOUISVILLE
TRI-STATE
BLUEFIELD
APPALACHIAN
PADUCAH
KNOXVILLE
NASHVILLE
CHATTANOOGA
MEMPHIS
CENTRAL ARIZONA
TEXAS PANHANDLE
TULSA-MUSKOGEE
OKLAHOMA CITY
FT. SMITH
CENTRAL ARKANSAS
NORTH TEXAS
SHREVEPORT
CENTRAL MISSISSIPPI
CENTRAL WEST TEXAS
AUSTIN-WACO
SAN ANTONIO
CORPUS CHRISTI
NEW ORLEANS
SOUTH EAST FLORIDA
MARKETING ORDERS IN EFFECT
MARKETS UNDER CONSIDERATION
ACTIONS SINCE JUNE 30, 1956
New orders put into effect - 2
Total orders in effect - 68
Amendments to existing orders - 10
New markets considered - 2
U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

FRUIT, VEGETABLE, AND TREE NUT MARKETING AGREEMENTS AND ORDERS

AS OF JANUARY 1, 1957

TABLE IV



AREAS COVERED INCLUDE THE ENTIRE STATE EXCEPT FOR THE FOLLOWING WHICH COVER ONLY THOSE COUNTIES INDICATED:

CALIFORNIA . . . Grapefruit (*Imperial and part of Riverside*); Potatoes (*Modoc and Siskiyou*); Navel and Valencia Oranges (*South of 37th parallel*). Tokay Grapes (*Sacramento and San Joaquin*). Dates (*Riverside and Los Angeles Cos.*)

COLORADO . . . . Fresh Peas and Cauliflower (*Alamosa, Rio Grande, Conejos, Costilla, Custer and Eagle*); Peaches (*Mesa*).

FLORIDA . . . . Avocadoes (*Brevard, Osceola, Polk, Hillsborough and Pinellas counties and all counties south*); Tomatoes (*South or east of Suwannee River*); Limes (*All south or east of Suwannee River*).

IDAHO . . . . . Potatoes (*All south of Idaho county*).

NORTH CAROLINA . Potatoes (*Scotland, Hoke, Harnett, Johnston, Nash, Halifax, Northampton and counties east thereof*).

SOUTH DAKOTA . . Potatoes (*Codington, Clark, Hamlin, Deuel, Brown, Day and Ringsbury*).

VIRGINIA . . . . Potatoes (*Accomac, Northampton, Princess Anne, Nansemond, Norfolk and Jones City*)

ACTIONS SINCE JUNE 30, 1956

New orders put into effect	- 0
Total orders in effect	- 31
Amendments to existing orders	- 4
New orders considered	- 7

U.S. DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956 were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance all amounts to be received.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allocations and Working Funds (Advances from other agencies):			
Department of Agriculture:			
Commodity Stabilization Service:			
Commodity Credit Corporation - (Capital Funds):			
Special milk program	$46,275,072	$75,000,000	$75,000,000
Granary storage research program	47,009	68,000	68,000
National Wool Act of 1954	57,319	57,500	60,500
Total, Commodity Credit Corporation (Capital funds)	46,379,400	75,125,500	75,128,500
Commodity Credit Corporation - (Administrative Expenses):			
Special milk program	323,186	760,000	783,300
Section 416 donations	115,751	--	--
Operation of commodity teletype	12,944	16,840	17,900
Wheat variety statistics	31,923	--	--
Rice and grain sorghums stocks reports	--	27,500	--
Storage research on CCC owned grain	75,811	95,000	95,000
Total, Commodity Credit Corporation	559,615	899,340	896,200
Soil Bank Program - Rice stocks reports	--	9,500	--
Total, Commodity Stabilization Service	46,939,015	76,034,340	76,024,700
Federal Crop Insurance Corporation - Furnishing cost of production and special crop data for various crops insured by Federal Crop Insurance Corporation	19,582	--	--
Total, Department of Agriculture	46,958,597	76,034,340	76,024,700
Department of the Army:			
For research on use of gamma radiation to prevent spoilage in fresh fruits and vegetables	9,763	--	--
For inspection of agricultural commodities	692,613	--	--
Total, Department of the Army	702,376	--	--

(Continued on next page)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allocations and Working Funds (Cont'd)			
International Cooperation Administration:			
Training services	37,827	40,200	--
Technical consultation and support	23,460	23,500	--
Administrative and other expenses	2,591	3,550	--
Total, International Cooperation Administration	63,878	67,250	--
Federal Civil Defense Administration - For food planning for defense emergency conditions	--	160,000	210,000
Total, Allocations and working funds	47,724,851	76,261,590	76,234,700
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products, Agricultural Marketing Service - inspection, grading and certification of:			
Cottonseed	23,694	24,300	24,350
Dairy products	1,859,681	1,806,800	1,809,900
Fresh and processed fruits and vegetables	4,138,480	4,469,000	4,476,500
Meat	3,509,281	3,714,000	3,720,300
Naval stores	15,045	16,000	16,050
Poultry products	4,244,174	4,493,400	5,012,000
Rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities	1,195,702	1,307,800	1,310,000
Total, Expenses and refunds	14,986,057	15,831,300	16,369,100
Miscellaneous Contributed Funds, Agricultural Marketing Service:			
Cooperative data collection on retail store availability and consumer purchases of fruit and fruit products	45,680	45,730	45,730
Cooperative work on control of insects in stored grain	2,328	--	--
Cooperative research on insect infestation in whole black pepper	3,905	--	--
Cooperative work on industrial fumigants for stored products	2,747	1,000	1,000
Cooperative studies on consumer purchases of specified dairy products	25,000	25,000	25,000
Cooperative testing of fumigation formulations for controlling stored-products insects	--	3,000	--
Total, Miscellaneous contributed funds	79,660	74,730	71,730
Total, Trust funds	15,065,717	15,906,030	16,440,830

(Continued on next page)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Obligations Under Reimbursements From Governmental and Other Sources:			
Marketing research and service:			
Marketing research and agricultural estimates	49,285	61,840	62,540
Marketing services	2,300,341	2,845,000	2,712,800
Subtotal	2,349,626	2,906,840	2,775,340
Other	1,868	- -	- -
Total, Reimbursements from governmental and other sources	2,351,494	2,906,840	2,775,340
TOTAL OBLIGATIONS UNDER ALLOCATIONS AND OTHER FUNDS	65,142,062	95,074,460	95,450,870

EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES, DEPARTMENT OF AGRICULTURE (COTTON PRICE ADJUSTMENT)

The Third Deficiency Appropriation Act, fiscal year 1937, provided that not to exceed $65,000,000 of the funds available under Section 32 of the Act approved August 24, 1935 (7 U.S.C. 612c), in each of the fiscal years 1938 and 1939, shall be available (at such times and in such amounts as the Secretary of Agriculture may determine) until expended for a price-adjustment payment with respect to the 1937 cotton crop to cotton producers who have complied with the provisions of the Agricultural Adjustment Act of 1938.

In fiscal year 1956, $255 was transferred to the account established for the Section 32 appropriation for fiscal year 1939 and was subsequently returned to the surplus fund of the Treasury. All subsequent collections will be deposited directly to the surplus fund of the Treasury since there has been no program activity for a number of years.

PASSENGER MOTOR VEHICLES

The 1958 estimates provide for the addition of 5 passenger cars and for the replacement of 43 cars, exclusive of 22 replacements under the trust fund for fees received for inspection activities. The replacements represent 20 percent of the total 336 cars available to the AMS.

The 5 additional cars are needed for expanded Packers and Stockyards and Grain Standards activities anticipated under the subappropriation Marketing Services.

1. A car is required at each of the new offices (Des Moines, Ia.; Columbus, Ohio; Columbia, S. C.) proposed to be established in connection with the Packers and Stockyards program.

   These cars will be used by marketing specialists to contact and post additional eligible stockyards and to make regular supervisory inspection of posted yards to check compliance with the Act. The territory to be covered by each specialist will be extensive and it is estimated that many trips will require 2-4 weeks of travel for an annual mileage of about 20,000.

   In the performance of these activities the marketing specialists will cover routes at many rural places which are not serviced by public transportation.

2. Two cars are needed for Grain Standards work at two proposed additional grain supervision offices - one at Amarillo, Texas and one at Lincoln, Nebraska.

   The office at Amarillo, Texas would provide for supervision of grain inspections by licensed inspectors and handling of appeals within this area which at present is directed from Fort Worth, Texas, 337 miles away.

   The Lincoln office would relieve the heavy grain supervision workload at Omaha, Neb., a distance of 60 miles. Lincoln is becoming increasingly important as a grain market with new storage and handling facilities being added.

   The two cars would be used by grain inspection supervisors to supervise work of licensed inspectors and handle appeal inspections. By providing local supervision at Amarillo and Lincoln, the work would be handled more promptly and effectively, thereby improving the service. Inspectors are required to carry various items of grain inspection equipment with them to the railroad terminals and storage points for which public transportation is not practicable. In addition, the inspector draws grain samples which are transported in the car to the office for further testing and grading.

The 43 replacements requested under "Marketing Research and Service" in fiscal year 1958 include: (a) 16 cars for Marketing Research and Agricultural Estimates activities; and (b) 27 cars for Marketing Services activities.

Passenger vehicles are replaced on the basis of justification with respect to mileage and age standards prescribed by the General Services Administration which provide that vehicles to be replaced must be at least six or more years of age or driven 60,000 miles or more, and other factors.

The number of passenger motor vehicles estimated to be available for 1958 represent the minimum required to maintain essential services of the current programs of the Agricultural Marketing Service. These cars are used in providing the following necessary services: (1) carrying special grading and testing equipment used for inspecting and grading commodities and for work required under U. S. Warehouse Act, Packers and Stockyards Act, U. S. Grain Standards Act, Cotton Acts, and Naval Stores Act; (2) carrying special crop meter equipment used in connection with surveying crop conditions at farms; (3) collection of samples for checking and testing under U. S. Grain Standards Act, Cotton Acts, and for inspection of farm products; (4) carrying boxes of cotton standards types used in classing work and demonstrations at farmers' meetings, and for carrying market news releases and related material for distribution at tobacco auction markets and for assistance for farmers in preparing tobacco for market; (5) for travel to places which are in most cases not accessible by common carrier, such as travel to farms, market terminals, offices of produce dealers and truckers, processing plants, canneries, stockyards, tobacco auction markets, cotton gins, plantation and compress operators, railroad yards, piers, grain elevators, and warehouses.

The cars are assigned to those field offices of the Division which require the use of cars in the efficient operation of their programs, after it has been determined that the use of Government vehicles is more economical than to pay mileage rates for use of private cars and the use of common carrier has not been feasible. For example, in the inspection of fruits and vegetables, the cars are assigned to field offices on the basis of the volume of work. This inspection service is performed on a fee basis and by using these cars the inspectors are able to service a greater area without any loss in time or revenue.

To assure proper utilization of cars, monthly operating reports are required and periodic surveys are made to determine the extent to which the vehicles are being used and their condition. Cars which are found to be in excess of the needs of an office are recommended for reassignment to other locations or declared excess.

Also, it is anticipated that 22 cars used in market inspection and related trust fund activities will be replaced in 1958.

The age and mileage data for passenger motor vehicles including one station wagon, on hand as of June 30, 1956, follows:

Age Data

Age-Year Model	Number of Vehicles
1956	48
1955	62
1954	25
1953	37
1952	52
1951	37
1950	26
1949	37
1948	20
1947	11
1946 and older	2
Total	357

Mileage Data

Lifetime Mileage	Number of Vehicles
0 - 1,000	8
1,000 - 10,000	52
10,000 - 20,000	44
20,000 - 30,000	51
30,000 - 40,000	49
40,000 - 50,000	39
50,000 - 60,000	47
60,000 - 80,000	49
80,000 - 100,000	15
over 100,000	3
Total	357

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U. S. agriculture. It disseminates to American agriculture the basic information essential to the agreesive foreign marketing of U. S. agricultural products and to making necessary adjustments to meet changing situations abroad. The Service works in the following fields:

Foreign Market Development -- The Service conducts a broad program designed to develop foreign outlets for agricultural products and analyzes competition and demand factors relating to foreign marketing. It administers export programs, including programs under the Agricultural Trade Development Act of 1954 and related authorizations, as well as import programs and controls. The Service represents the Department at international commodity conferences and on foreign commodity matters at national conferences. Work directly related to the development of foreign markets is financed from funds allotted to the Service under the appropriation "Removal of Surplus Agricultural Commodities" pursuant to Section 32 of the Act of August 24, 1935 as amended, and with foreign currencies accruing from sales of agricultural commodities under Section 104(a)) of Public Law 480, approved July 10, 1954.

Foreign Agricultural Trade and Analysis -- The Service directs and coordinates the continuous economic analysis and interpretation of world conditions and developments that significantly affect the retention and expansion of foreign markets for American products. It analyzes and interprets world trends in foreign agricultural products, trade, price, finance, consumption and economic policies of foreign governments as such trends affect United States foreign agricultural trade. It analyzes the effects of restrictive trade policies on the demand for American farm products and develops and coordinates the basic policies and programs for the removal or easing of restrictions and for the encouragement of world trade in American agricultural products. The Service participates in agricultural international organizations and trade conferences.

Agricultural Attaches -- The Service directs and coordinates a world-wide agricultural attache service with particular emphasis on the development of markets for American products, and on trade reporting from foreign areas designed to aid American farmers and exporters.

Assistance to International Cooperation Administration -- The Service also participates in the administration of the agricultural portion of the foreign assistance program with funds allocated from the International Cooperation Administration. This work includes coordination of the Department's participation in the program and direction of the training program for foreign agricultural leaders, and the providing of technical information and advice in connection with the operation of the agricultural technical assistance program in foreign countries.

As of November 30, 1956, there were 719 employees in the Foreign Agricultural Service. Of this total, 378 were paid from the appropriation "Salaries and expenses, Foreign Agricultural Service," 226 were paid from funds allotted under the appropriation "Removal of Surplus Agricultural Commodities (Section 32)", and 115 were paid from allocations and reimbursements from other agencies. Of the total number of employees, 503 were located in Washington, D. C., 3 outside Washington Metropolitan area, and 213 were stationed in foreign countries.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$3,750,000	$4,383,500
Allotment from "Removal of Surplus Agricultural Commodities (Sec. 32)"	1,917,800	2,094,000
Total	5,667,800	6,477,500

	Salaries and Expenses	Removal of Surplus Agricultural Commodities (Allotment)	Total
Appropriation or allotment, 1957 and base for 1958	$3,750,000	$1,917,800	$5,667,800
Budget Estimate, 1958	4,383,500	2,094,000	6,477,500
Increase	+ 633,500	+ 176,200	+ 809,700

SUMMARY OF INCREASES, 1958

Salaries and Expenses:

For opening five new attache posts, expansion of nine established posts and travel costs for home leave of agricultural attaches	+481,200
For contribution to retirement fund pursuant to Public Law 854	+152,300
	+633,500

Removal of Surplus Agricultural Commodities (Allotment):

To provide exporters and U. S. farm and trade groups with additional facts relating to opportunities for exporting surplus farm commodities and to strengthen work relating to market development projects	+88,600
For contribution to retirement fund pursuant to Public Law 854	+87,600
	+176,200

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
Salaries and expenses:					
1. Analysis of foreign agriculture and trade	$922,437	$1,100,000	+$53,900	- -	$1,153,900
2. Agricultural attaches	2,473,976	2,650,000	+ 98,400	+$481,200(1)	3,229,600
Total retirement costs (P.L. 854)	(- -)	(- -)	(+152,300)	(+7,650)	(159,950)
Total, Salaries and Expenses	3,396,413	3,750,000	+152,300(2)	+ 481,200	4,383,500
Removal of surplus agricultural commodities (allotment):					
3. Foreign market promotion	1,356,812	1,707,300	+ 75,100	+88,600(3)	1,871,000
4. Import controls	202,273	210,500	+ 12,500	- -	223,000
Total retirement costs (P.L. 854)	(- -)	(- -)	(+87,600)	(+3,600)	(91,200)
Total, Removal of surplus agricultural commodities	1,559,085	1,917,800	+87,600(4)	88,600	2,094,000

(Continued on next page)

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
Total obligations or estimate	4,955,498	5,667,800	239,900	569,800	6,477,500
Deduct: Allotment from Removal of surplus agricultural commodities	-1,559,085	-1,917,800	-87,600	-88,600	-2,094,000
Unobligated balance, Salaries and expenses	46,650	- -	- -	- -	- -
Total, available or estimate, Salaries and expenses	3,443,063	3,750,000	+152,300	+481,200	4,383,500
Transfer to "Salaries and expenses, Office of the Secretary of Agriculture"	+1,937	- -			
Total appropriation or estimate	3,445,000	3,750,000			

INCREASES

The increase of $633,500 for Salaries and Expenses is composed of the following:

(1) An increase of $481,200 for the expansion of the attache program at foreign posts and travel costs for home leave for agricultural attaches.

Need for Increase and Plan of Work:

(a) Establishment of New Posts: Experience gained during fiscal year 1956 indicates clearly the need for intensifying agricultural representation in several selected areas in order to keep abreast of rapidly expanding foreign agricultural production and marketing developments as well as anticipated opportunities for further U. S. participation in international trade. The need for some new posts is particularly apparent in certain areas which are now being covered by attaches stationed in other countries. It is proposed to establish 5 new posts as follows:

Tunis, Tunisia: The present staffing pattern provides for a regional post of one attache with headquarters in Rabat, Morocco, embracing the North African area consisting of the newly established countries of Morocco and Tunisia, as well as Algeria and Libya. Agricultural production in these countries fluctuates widely, from surplus to shortages yearly. Regular imports into the area as a whole include some fats and oils, tobacco, wheat and specialty items. Because of the political, climatic and physical complexities of the vast area to be covered (more than 1.1 million square miles) from Rabat

on the extreme west coast, the stationing of an agricultural attache with a minimum staff at Tunis is essential.

Lagos, Nigeria: The Agricultural Attache located at Monrovia is currently covering 16 distinct political entities comprising 2,330,000 square miles with a population of 61 million. The area is a major source of supply of complementary crops for the U. S. -- such as cocoa, coffee, vegetable and palm oils -- as well as presenting opportunity for commercial exports of various U. S. agricultural products such as tobacco, flour, rice, dried fruits, and processed food items. Approximately half of this population is in Nigeria which is rapidly expanding its agriculture, and which currently has a favorable balance of trade with the U. S., and expects to obtain dominion status in the near future. A division of this large West African territory by establishing an attache office at Lagos, Nigeria, is considered essential for adequate representation and coverage in this rapidly expanding area.

Addis Ababa, Ethiopia: Ethiopia, British Somaliland, and Eritrea, an area of 525,000 square miles with 14 million people does not now have any agricultural attache assigned to the area. Ethiopia produces arabica coffee, as well as being a potential producer of other complementary crops of interest to U. S. consumers. Reported planned expansion of cotton, tobacco and vegetable oils in the territory make it highly desirable to establish an attache in Addis Ababa to observe and report on the economic developments and trade opportunities within the area.

Oslo, Norway: Norway is greatly dependent on foreign trade. She must import all cotton, sugar, fruit and tobacco as well as a large proportion of her bread and feed grain requirements. Imports from the dollar area have, until recently, been under strict quantative controls. In recent months, a more liberal control policy has been adopted. For example, dollar exchange is being allocated freely for the purchase of certain U. S. fresh, canned and dried fruits.

It is believed that with proper representation and on the spot assistance to American exporters, much can be done to protect the present U. S. market and expand sales of U. S. farm products in Norway. It is, therefore, proposed to station an agricultural attache at Oslo.

Helsinki, Finland: Agricultural representation and reporting at Helsinki are now being handled by the Agricultural Attache at Stockholm, Sweden. This arrangement does not provide the time and attention required for proper servicing of U. S. agricultural interests in Finland.

Like Norway, Finland is dependent to a large extent upon imports of her food supplies. Nearly one-half of the bread grains consumed, more than one-half of the fruit, three-fourths of the

sugar and most of the fats are imported. Finland has shown an increasing interest in multilateral trade, either through government sponsored programs such as P.L. 480 or 402, or private trade involving three or more countries. Sizeable 480 sales programs are currently in effect with Finland and it is believed that there are opportunities for further expansion of the Finnish market. These trade opportunity factors, plus the strategic location of Finland makes it advisable that American agriculture have full representation in that country.

(b) Expansion of Established Posts: The growing importance, as well as new developments in Europe, Africa, and the Near East in relation to American agriculture requires more adequate staffing in a number of posts. The expansion in the production of competitive crops, increased market competition, and the need for further exploration of market opportunities point up the need for further strengthening of staffs of agriculture attaches in these critical areas. It is proposed to assign an assistant agricultural attache or provide additional local professional helpers at a number of these posts. For example:

Tehran, Iran: A predominately agricultural economy with substantial potential for agricultural expansion, a location strategic to the U. S. and an active interest in further development and stability make it advisable to add an assistant agricultural attache in Iran. In its second sever-year plan, irrigation schemes and agricultural expansion will receive major attention. This, plus the fact that the U. S. technical and economic assistance program for Iran is one of the largest in the Middle East calls for a well staffed attache post to keep abreast of the long range development effort and appraisal of its long range impact on world agricultural production.

Pretoria, Union of South Africa: The trend toward agricultural expansion and shifting of certain agricultural areas toward more competitive aspects makes it desirable to assign an assistant agricultural attache to the regional post at Pretoria which embraces the Union of South Africa, Southwest Africa and the protectorates of Bechuanuland, Basutoland and Swaziland. South Africa's wool production ranks second to gold as an earner of foreign exchange, but the area is fast adding to its list of competitive items, such as citrus, deciduous fruits, butter, tobacco, hides and skins. Adequate coverage of this large area requires additional help for the Regional Attache.

Brussels, Belgium: Belgium is one of the best cash markets for U. S. agricultural exports. Adequate representation is required to maintain and expand this market, especially in these times of increasingly sharp competition. The attache assigned to Brussels also covers agricultural matters in Luxemburg and more importantly is assigned responsibility for keeping USDA informed on Benelux activities. In this fast moving trade area the attache's office must seek out market development opportunities, keep track of competition, and maintain adequate trade and government

contacts. An assistant attache is needed to take care of this heavy work load.

The Hague, Netherlands: The work load in the Agricultural Attache's office is very heavy in the Netherlands. The Netherlands is not only one of the best cash markets for U. S. agricultural exports, but is also one of the keenest competitors in foreign markets for U. S. livestock products. The Netherlands is an international trading center of great and steadily growing importance to agriculture. Moreover, the agricultural policies of the Netherlands are always tuned to the activities of the Benelux Union of which it is a member. So far, the American staff in the Hague has been limited to one attache. Therefore it is planned to add an assistant attache to help carry on the basic reporting, the market development activity, and keeping up with the growing competition with out livestock products in foreign markets. This should permit the attache to make fuller use of opportunities offered by Dutch trading interests for gathering intelligence on Free World trade as well as the trading in the Soviet Bloc countries.

Madrid, Spain: The principal reason for requesting funds to add a second assistant to the staff of the Agricultural Attache in Spain is the present and anticipated size of the Spanish P. L. 480 program. The duties connected with these programs are so very time consuming that the work required to keep fully informed on the competition of Spanish oranges and dried fruits in the European markets, and Spanish olives, almonds, and filberts in the American market will suffer unless the staff is reinforced. The inadequacy of Spanish statistics and statistical methods which requires extensive travel within the country to adequately maintain necessary contacts with producers and the trade and to gather production information and perform the basic reporting function is taking the full time of the present assistant assigned to that office.

Belgrade, Yugoslavia: In Yugoslavia, an extremely heavy and difficult reporting job plus an extensive program of market development for U. S. agricultural commodities required the addition of an assistant agricultural attache at this post.' Yugoslavia has become a field for Soviet economic penetration. This situation, plus the fact that extensive travel is required to gather information and maintain essential contacts, constitutes a work load that cannot be adequately handled by one man.

(c) Home Leave Transportation and Incidental Costs: In addition to the salary and allowance costs for the additional personnel recommended and the costs of transporting and servicing the new attaches and their staffs, funds will be required in 1958 for home leave transportation. Under the Department's policy, all U. S. personnel are entitled to home leave after two years of service abroad. Forty-five attaches and twenty-three secretaries reached their posts in the fiscal year 1956. Most of these employees will take home leave in 1958. There will also be a number of transfers between

posts where home leave will be taken at the time the transfer is made. It is also the policy to provide for a moderate rotation of employees between the foreign posts and Washington. For those involved in such rotation, there is the transportation cost one way out and one way back for the employees, their dependents, and household effects.

(2) An increase of $152,300 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

The increase of $176,200 under the allotment from "Removal of surplus agricultural commodities" consists of the following:

(3) Increase of $88,600 under the activity "Foreign market promotion," to provide exporters and U. S. farm and trade groups with additional facts relating to opportunities for exporting surplus farm commodities and to provide for continuation of intensified work on market development projects.

Need for Increase: Additional marketing specialists and analysts are required to obtain and make available facts which are needed by exporters and other U. S. farm and trade groups to help them take advantage of opportunities for exporting U. S. farm commodities in surplus or potential surplus supplies.

For example, in the Grain and Feed Division the finding of markets for dollar sales of seeds held by the Commodity Credit Corporation has been most effective. However, there still are surpluses held by private trade groups, and it is extremely important to try to find additional markets to take these surpluses. Likewise, the disposition of most of the rice surplus was accomplished by intensive concentration on finding markets for this rice. Additional emphasis on rice markets is necessary to dispose of the remaining surplus rice, and particularly, to maintain the present markets to prevent another accumulation of a surplus. Another example is the need for an additional marketing specialist to help expand export outlets for U. S. tobacco in South America. This area offers considerable potential for expanded sales of U. S. tobacco.

It is proposed to continue the strengthened work of the Service which was initiated in 1957 in order to meet minimum needs. This work consists of (1) additional leadership and assistance to the commodity divisions and the agricultural attaches in preparing market development projects, and in preparing market promotion exhibits at international trade fairs; (2) providing dollar costs of bringing responsible persons from other countries to the United States under foreign currency projects to become familiar with U. S. agricultural products, and to study the technical aspects of marketing and processing of U. S. farm commodities; (3) providing when required a small amount of dollars for the transportation of persons or things in connection with international trade fairs which are carried out under foreign currency projects; (4) providing for the analysis and comparison of rice moving in international trade with rice moving

under official U. S. standards; and (5) through cooperative agreements with land-grant colleges, obtaining basic information relating to marketing methods and supply and demand factors on specific agricultural commodities in the principal producing and importing countries.

Plan of Work: The additional facts needed to take advantage of opportunities for exports will be collected mainly by marketing specialists and agricultural attaches in selected countries where export possibilities appear greatest. The findings and recommendations resulting from this material will be made available to Department officials and agricultural trade groups through Foreign Agricultural Service publications, special meetings and personal contacts.

(4) An increase of $87,600 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (68 Stat. 908), and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed [$20,000] $30,000 for representation allowances [$3,750,000] and for expenses pursuant to section 8 of the Act approved August 3, 1956 (70 Stat. 1034), $4,383,500: Provided, That not less than $400,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis: Provided further, That provisions of the Act of August 1, 1956 (70 Stat. 890-892), and provisions of a similar nature in appropriation acts of the Department of State for the current and subsequent fiscal years which facilitate the work of the Foreign Service shall be applicable to funds available to the Foreign Agricultural Service.

The first and second changes would add language authorizing the payment of expenses of necessary official entertainment and other courtesies extended in the United States to representatives of foreign countries concerned with agricultural matters, pursuant to authority contained in Section 8 of the Department of Agriculture Organic Act of 1956. It is also proposed to increase from $20,000 to $30,000 the limitation for representation allowances in foreign countries and would permit the use of a small portion of this limitation for extending courtesies in the United States to representatives of foreign countries.

The funds for representation allowances are used primarily by agricultural attaches in foreign countries. The increase in this limitation would make funds available for representation allowances in the proposed new posts and a small increase at some of the established posts and would permit making modest representation allowances to marketing specialists of the Department who are engaged in the development and promotion in foreign countries of foreign markets for agricultural commodities. In addition, the proposed language would provide for the payment of expenses of necessary official entertainment and other courtesies extended in the United States to representatives of foreign countries concerned with agricultural matters. This language would extend to a limited number of top officials in the Department in the United States the same type of authority which is presently available to the agricultural attaches stationed in foreign countries and which is presently available to many agencies of the Government. This authority is urgently needed in view of the increasing importance of the Department's activities concerned with the development of foreign markets for surplus agricultural commodities.

It is the custom in foreign countries for official government representatives to arrange for dinners, receptions and other types of hospitality for visiting officials from this Department. In accordance with international practice, officials of the Department are expected to extend similar courtesies to representatives of foreign countries when they visit the United States. Extension of courtesies of this nature helps to establish conditions which permit the most effective working relationships, and is essential to the successful accomplishment of the objectives of the Department's foreign agricultural work. Expenses under this provision would be authorized by the Secretary or Acting Secretary, the Assistant Secretary for Marketing and Foreign Agriculture, and the Administrator, Foreign Agricultural Service.

The third change would add language extending to the agricultural attache program certain facilitating authorities available to the Department of State in carrying out the work of the Foreign Service such as (a) the cost of transporting to and from a place of storage and the cost of storing the furniture and household and personal effects of an employee who is assigned to a post at which he is unable to use his furniture and effects, (b) printing and binding outside the continental limits of the United States, (c) ice and drinking water for use abroad, (d) radio communications, etc. Title VI of the Agricultural Act of 1954 transferred the agricultural attaches to the Department of Agriculture and extended to them the facilitating authorities for work of the Foreign Service contained in the annual appropriation acts of the Department of State. In 1956, some of these facilitating authorities were included in basic legislation for the Department of State (Public Law 885) and it is anticipated that they will no longer be included in the annual appropriation acts for the the Department of State. In order to continue to extend these authorities to the agricultural attache program it is necessary to include language in the appropriation item for the Foreign Agricultural Service which would make available those authorities now contained in Public Law 885 as well as those retained in annual appropriation acts of the Department of State.

STATUS OF PROGRAM

Salaries and Expenses

Current Activities: Current information on foreign agricultural production, markets, policies and competition are gathered, analyzed, interpreted and disseminated to United States farmers, business and Government. This information is made available, in person and through publications, wherever decisions are made on important foreign economic and other problems so that the interests and problems of the United States farmers may be taken into account in making those decisions.

The expansion and stabilization of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, the study of foreign competition with American products, the analysis of market situations affecting the sale of agricultural commodities throughout the world, and making the information obtained available to the U. S. farmers, processors, exporters and other interested groups.

United States agricultural interests are represented and their position presented in the development of international agreements.

Agricultural attaches are stationed in fifty-three countries thoughout the world to represent U. S. agriculture at those posts. The attaches' work includes a comprehensive system of reporting to meet the needs of U. S. agriculture, to act as the voice of American agriculture at the posts, and to take necessary action in the development of foreign markets for U. S. agricultural products.

Selected Examples of Recent Progress:

1. Quantities of Exports Reached Peak Levels in the Fiscal Year 1956: In fiscal year 1956, the quantity of U. S. agricultural exports, exclusive of cotton, reached the highest level of the last 30 years of record. Quantity of exports, without cotton, was 20 percent ahead of the 1951-52 Korean war year and of the 1948-49 big foreign-aid year. They were almost double the quantity shipped in the 1925-29 boom period. Even including cotton exports, agricultural export quantity in 1956 was exceeded only twice in the 30-year period. Compared with the previous fiscal year, agricultural export quantity was 13 percent ahead, including cotton; 28 percent ahead, excluding cotton. Important commodities that reached a new peak in export quantity were the feed grains, soybeans, soybean and cottonseed oils, and tallow. Other commodities that increased significantly in 1956 but which did not set a new record, were lard, tobacco, and wheat and wheat flour. See Chart No. 1.

2. Dollar Value of Exports Increased Over Prior Year: Exports of agricultural products in the fiscal year 1956 totaled $3,493 million, which represents an increase of 11 percent over the exports of 3,145 million exports in fiscal year 1955. The following table shows the amounts of exports by commodities and percent of change:

Fiscal year farm exports compared a/

	1955	1956	Percent Change
	($ Millions)		
Cotton	684	372	- 46
Grains	882	1,174	↗ 33
Tobacco	306	378	↗ 24
Veg. oils, o'seeds	302	407	↗ 35
Fruits and Vegs.	274	327	↗ 19
Livestock prods.	461	549	↗ 19
Private relief b/	142	180	↗ 27
Other	94	106	↗ 13
Total incl. cotton	3,145	3,493	↗ 11
Total excl. cotton	2,461	3,121	↗ 27

a/ 1956 partly estimated. b/ Mostly CCC donations to U.S. private welfare agencies for overseas distribution.

3. Major Markets for U. S. Agricultural Exports: Five markets -- Japan, the United Kingdom, Canada, the Netherlands, and West Germany -- took nearly half of total U.S. agricultural exports in 1955. (Chart No. 2) Japan was the principal market for grains, cotton, fats and oils; the United Kingdom for tobacco; and Canada for fruits and vegetables. Because of reduced purchases of cotton, all of these countries except the United Kingdom imported less from the United States than in 1954. However, they retained their traditional position as the best foreign customers of U. S. agriculture. Donations and sales for foreign currencies represented only about 10 percent of exports to these countries compared with over 25 percent for all other countries. About 10 percent of exports to the United Kingdom and 16 percent to the Netherlands and West Germany resulted from barter transactions.

Country	Calendar Yr. 1954	Calendar Yr. 1955
	- Million dollars -	
Japan	418	386
United Kingdom	363	377
Canada	298	282
Netherlands	246	243
West Germany	267	242
Yugoslavia	74	109
Belgium	85	109
Cuba	134	108
Italy	92	94
Spain	57	93
Venezuela	64	73
France	125	69
Philippines	54	60
Taiwan	44	56
Others	725	894
Total	3,046	3,195

Agricultural exports are at a high level

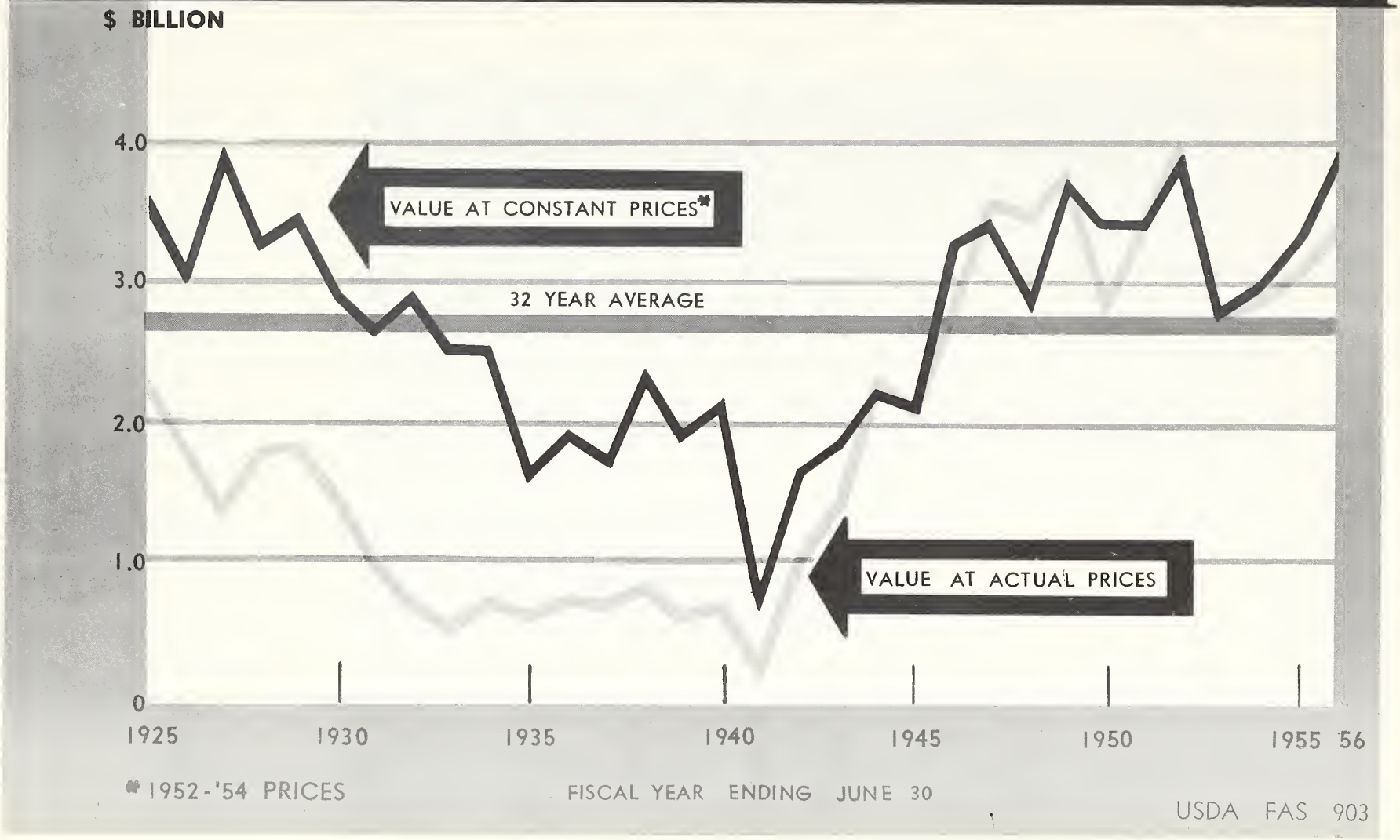


CHART NO 1

Japan, United Kingdom biggest U. S. export countries

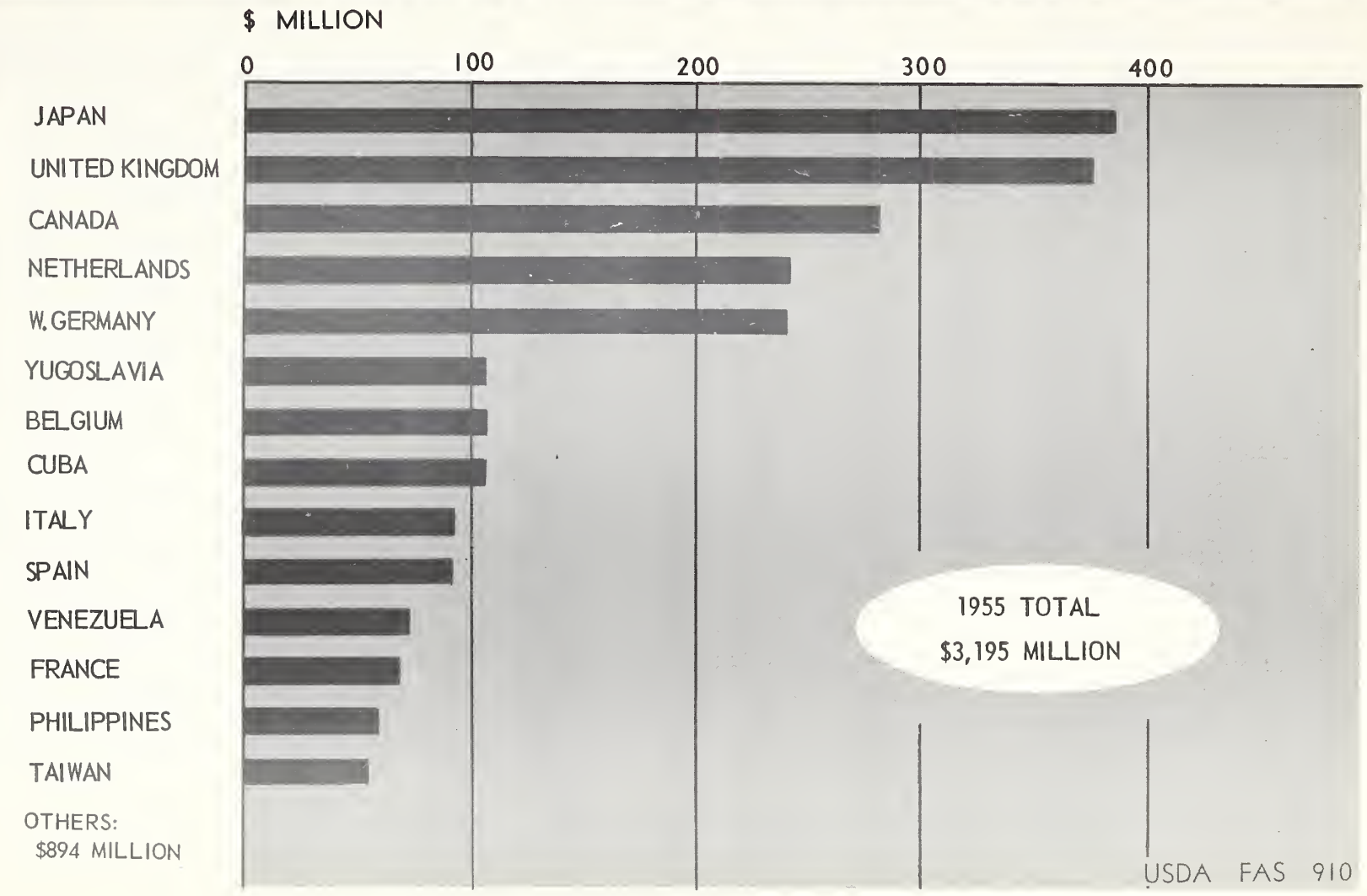


CHART NO. 2

4. U. S. Share in World Exports of Selected Commodities: Last year's expansion in U. S. agricultural exports was accompanied by an improvement in the U. S. share of world exports for a number of important commodities. (Chart No. 3) Government export programs aided materially in the gains. The cotton share showed a marked decline; U. S. exports were reduced due in part to the under-pricing of U. S. cotton by exporters abroad and the expectation of lower prices under a new U. S. export program. The cotton share is expected to increase materially in 1956 due to exports under this program. The following table indicates the U. S. percentage of world trade in selected commodities, 1955 compared with 1954.

Commodity	Calendar Yr. 1954	Calendar Yr. 1955
	- Percent -	
Cottonseed and oil	79	80
Lard and tallow	71	75
Soybeans and oil	58	67
Grain sorghum	55	93
Corn	36	48
Cotton	36	22
Tobacco	34	39
Powdered milk	46	57
Wheat and flour	27	32

5. Comparison of the Share of U. S. Production Exported: The following table shows a comparison between the 1955 and 1956 crop years of the percent of U. S. production of several important export products. With the exception of cotton, all export shares increased in 1956 over 1955.

Cotton exports were held back pending start of CCC's export sales program. Increases were mostly in response to strong efforts under Government export programs. The wheat increase reflected also the severe winter in Europe, while rice showed a larger share exported partly because of reduced acreage allotments for the 1955 crop. The strong foreign demand for fats, oils, and feed grains assisted U. S. exports of soybeans, soybean oil, lard, and grain sorghums.

	1955			1956		
	Production	Exports	Percent Exported	Production	Exports	Percent Exported
	-Million units-			-Million units-		
Cotton(500-lb.bale) a/	13.7	3.6	26	14.7	2.2	15
Wheat (bu.) b/	985	c/273	28	938	c/341	36
Tobacco(lb.) d/	2,277	517	23	2,229	640	29
Rice (bag) e/	41.7	9.8	23	34.7	11.0	32
Sorghums(bu.) b/	216	35	16	233	73	31
Soybeans(bu.) f/	342	65	19	371	106	29
Lard (lb.) g/	2,564	516	20	2,825	650	23

a/ Year ending July. b/ Year ending June. c/ Includes wheat equiva-

lent of flour. d/ Year ending June for flue-cured and cigar wrapper; year ending September for other leaf. Farm sales weight. e/ Year ending July. Milled basis. f/ Year ending September. Includes bean equivalent of oil. g/ Year ending September.

6. Agriculture accounts for 21 percent of all U. S. exports: Agricultural exports in fiscal year 1956 accounted for 21 percent of total exports, the same as in the previous year. Two years ago, agricultural exports comprised 19 percent of the total. Last year's increase of 10 percent in agricultural exports paralleled the 10 percent gain in industrial exports. Industrial exports include Defense Department military shipments, which declined by $1 billion in 1955-56. Without the military shipments, the industrial export gain last year amounted to 12 percent over 1955.

7. Agricultural Imports Gain: Agricultural imports totaled $4.1 billion in fiscal year 1956 compared with $3.8 billion in 1955, a gain of 8 percent. This level was comparable to 1954's value of $4.2 billion. The expansion was a reversal of a downward trend that started in 1952. Chief role in the increase was that of complementary, or noncompetitive imports, which moved up 10 percent over 1955. Major increases among the complementary imports were in coffee, cocoa beans, and carpet wool. Less rubber was imported but higher prices caused value to rise above that for 1955. Supplementary, or competitive, imports rose by 5 percent. Principal gain was in cane sugar. Most other increases were moderate. Plentiful U. S. supplies and relatively low prices caused considerable decline in imports of oats while the intake of barley was about the same as the reduced level of 1955. Cattle imports showed a marked reduction. (See chart No. 4)

8. Cotton Production in Greece Expanding: A first-hand appraisal was made of potential cotton production expansion in Greece in connection with a much broader survey of potential cotton competition of the Near East and Southeast Asia. Barring any major unforseen difficulties, such as insect damage or unusal weather, Greek production may be expanded further as fuller utilization is made of existing water supplies and more intensive cultural practices are employed. Greece presents a situation similar to that found in many so-called minor cotton producing countries in that relative expansion of production since 1950 has been spectacular; yet it is not considered a major world supplier from the standpoint of total cotton production. Annual cotton production in Greece expanded from about 75 thousand bales prior to 1950 to over a quarter of a million bales in the 1955-56 season.

9. Syrian Competition in Cotton Production not Expected to Expand Substantially: A recent study revealed that in spite of the handicaps of shortages in both capital and labor, and at present price relationships, Syria is still a strong competitor in the production of cotton. However, it is expected that the capital and labor shortages will prevent any substantial expansion of cotton production in the foreseeable future.

U. S. exports up, but foreign exports gaining faster

QUANTITY INDEXES OF WORLD AGRICULTURAL EXPORTS OF COMMODITIES COMMERCIALLY PRODUCED IN THE U.S.

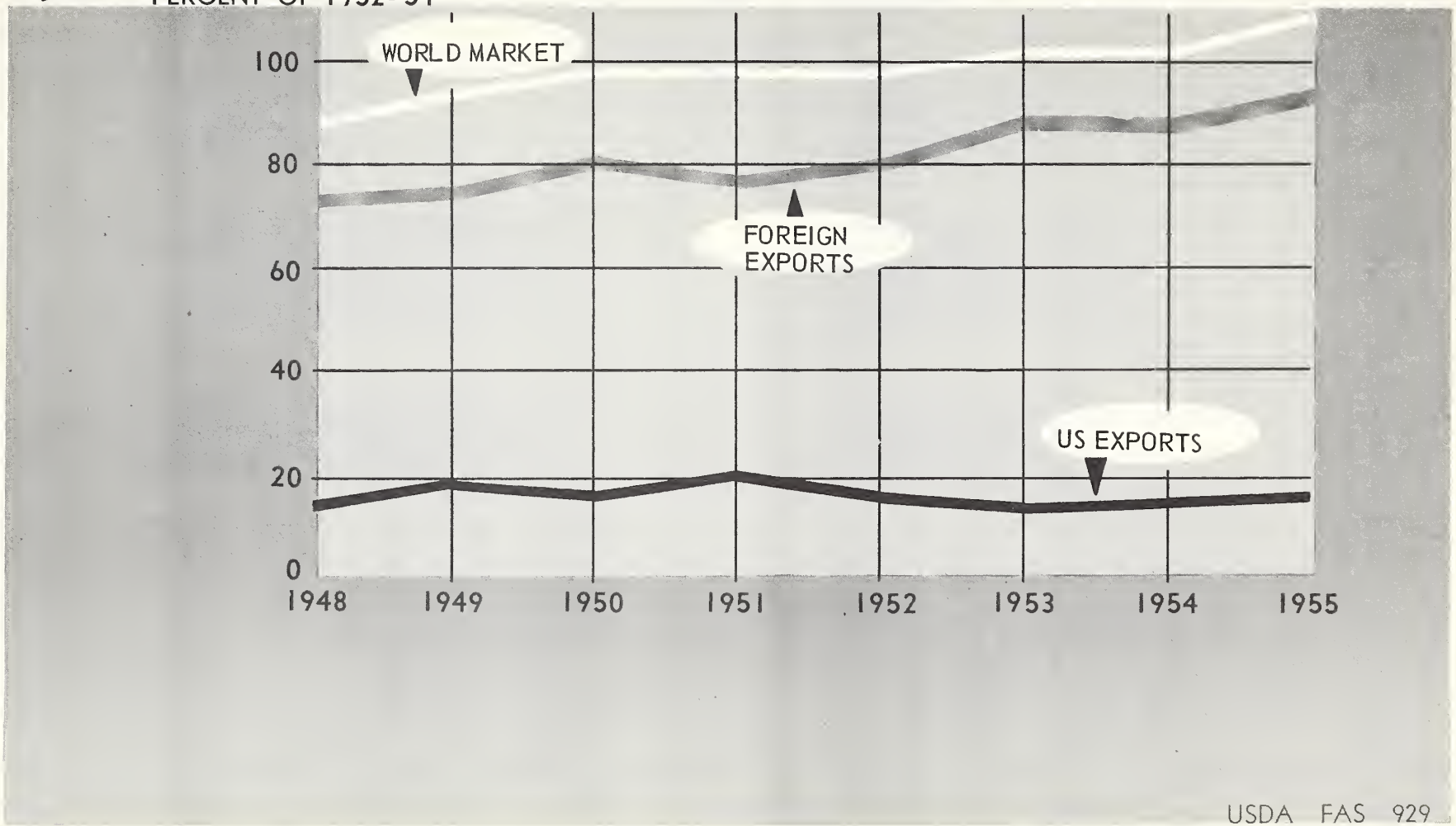


CHART NO. 3

VALUE OF U. S. AGRICULTURAL IMPORTS

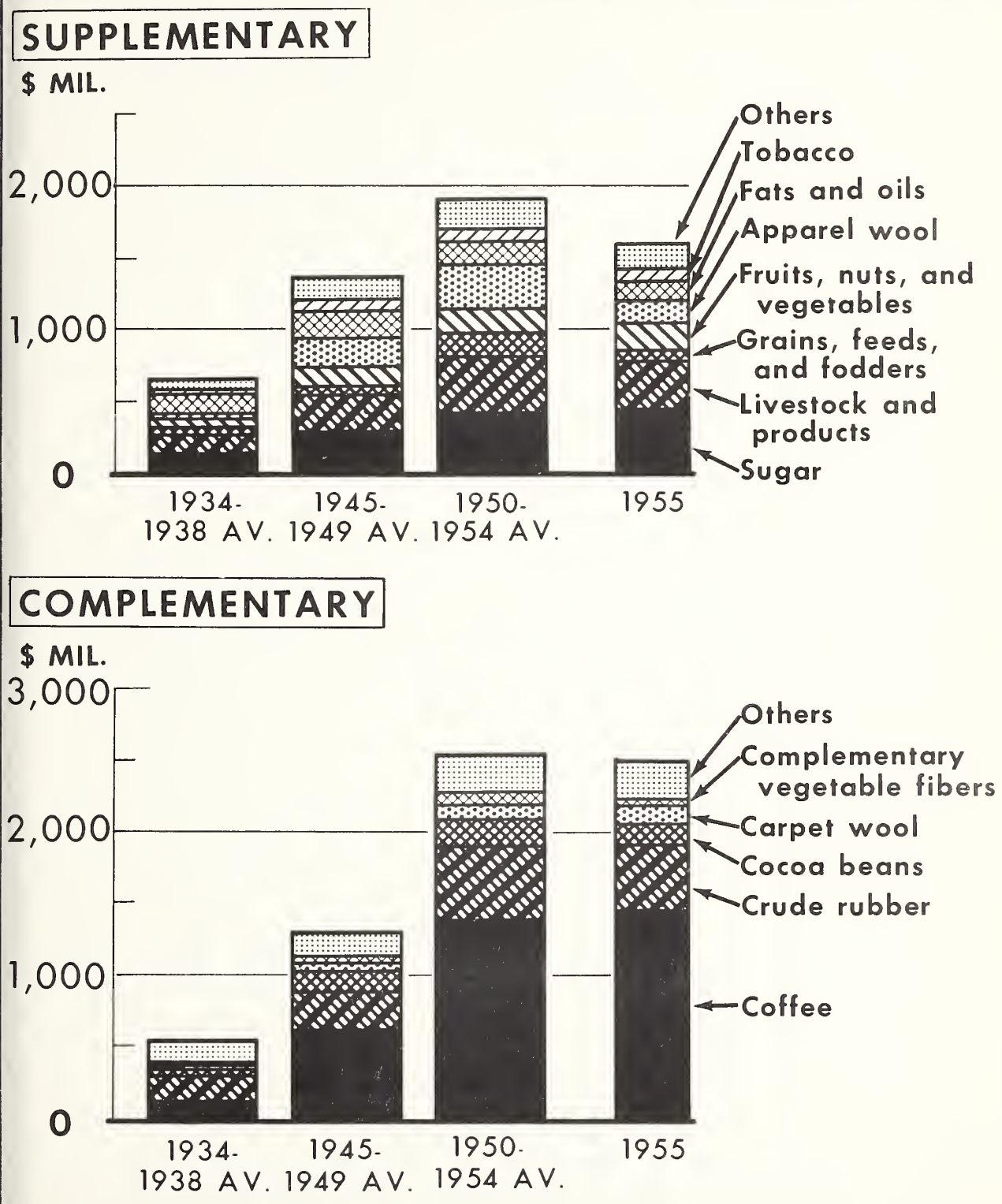


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CHART NO. 4

10. Use of Cotton Instead of Rayon Increasing in Western Europe: An on-the-spot appraisal of cotton-rayon competition was made in seven of the most important textile producing countries of Western Europe. Preliminary findings showed that cotton has achieved a stronger competition position with rayon in Western Europe than in the United States. Cotton's competitive strength results primarily from the narrowing price differential between cotton and cotton's principal competition, rayon staple fiber. Strong consumer resistance was found to persist in most countries against rayon in many important end uses and especially rayon-cotton blends in woven fabrics. Under the special U. S. cotton export programs, U. S. cotton is beginning to share with foreign produced cottons in the improved price relationship.

11. Canadian Competition in Fats and Oils Expanding: In the Prairie Provinces, where farmers have been having difficulty in marketing their large wheat crops, acreage and production of flaxseed and rapeseed have risen sharply in the past two years, reaching an all-time high in 1956. If the wheat marketing situation improves, acreage of flaxseed and rapeseed in the next several years is likely to average considerably below the high 1956 level. Canadian flaxseed and linseed oil compete directly with the U. S. products in foreign markets. Competition from rapeseed, however, is limited to the minor effect that Canadian exports have on prices of soybeans and cottonseed oils in foreign markets. In Ontario, the gradual increase in soybean acreage and production is likely to continue for several years, partly because industrialization in southwestern Ontario is drawing labor off farms and soybeans require less labor than most alternative crops in the area. Canada is a substantial net importer of soybeans and edible vegetable oils, however, and with population rising rapidly consumption of these oils will continue to expand. Hence Canada probably will continue to provide a good market for U.S. soybeans and edible oils.

12. Continued Competition from West Indian Citrus Products: A survey revealed that the U. S. can continue to expect competition from West Indian grapefruit segments of poor quality, concentrated orange juice, and fresh grapefruit as long as the high-cost, non-competitive West Indian industry is able to foster a protected market in the United Kingdom.

13. Tree Nut Production in Mediterranean Area Expanding: The U.S. tree nut industry will probably face increasing competition from edible tree nuts of the Mediterranean area because of the likelihood of production expanding there. A commodity specialist in an on-the-spot survey, found that the European product is competitive both on a price and quality basis despite backward technology in production and processing.

14. Competitive Position of the Yugoslav Dried Prune Industry with U.S.: It was found, after a survey in Yugoslavia, that Yugoslav prunes are competitive with the U. S. product on a price but not quality basis. It is also brought out that the resumption of trade relations with the Soviet Bloc could result in a decrease of Yugoslav competition in the traditional U. S. market in Western Europe.

15. Mexican Winter Vegetable Production Likely to Decline: In a study of the Mexican winter vegetable it was found that the production of vegetables other than melons is likely to decline because of the high marketing costs and production hazards such as frost, rains, and plant diseases. There is keen competition from U. S. producing areas for all vegetables except cantaloupes and honeydews which are marketed to a large extent prior to the U. S. season.

16. Australia Removes Barriers Against Imports of U. S. Hops: As a result of representations made to Australian authorities all previously existing restrictions against the importation of United States hops were removed by the Australian Government early in 1956. This change in policy resulted in exportation of 260,000 pounds of U. S. hops to Australia in the 1955-56 marketing year, and it is expected that 350,000 to 400,000 pounds will be exported in 1956-57, compared with none at all during the 4-year period ending August 31, 1955.

17. Tobacco Competition in Central African Federation Not Likely to Increase: This area is the most important competitor of the United States in world trade of flue-cured and fire-cured tobacco. A survey indicated that prospects for increasing the output of tobacco above the current level are not as favorable as previously reported by other observers. Factors which tend to limit further substantial increases include: (a) A drop in prices for the 1956 crop because of over-production of a relatively neutral type of tobacco and reduced demand from abroad; (b) limited supply of labor and water; and (c) widespread insect infestation and disease damage with resultant very low yields and therefore high cost per acre.

18. Tobacco Competition in Balkans and Middle East is Increasing: A study was made of the competition that United States tobaccos face, or are likely to face, from oriental leaf produced in Greece, Turkey, Syria, and Lebanon. Production was at an all-time high, with plans for further expansion, and a high proportion of tobacco exports were being moved under bilateral arrangements in exchange for goods (mainly industrial products) from Western Europe and the Iron Curtain areas. Because of the large crops harvested in 1955, 70 to 90 million pounds more oriental tobacco will be available for export in 1956-57 than there was in 1955-56. Land is scarce and labor plentiful, so the main objective is to select crops that give the highest return per acre. Tobacco gives by far the highest returns per acre for any major crop. Of the crops that can be exported in volume, the returns per acre of land is far greater for tobacco than for cotton, grapes or grain. Tobacco is the most-important agricultural product, as an earner of foreign exchange in both Greece and Turkey. There is likely to be continued pressure to increase production and exports of oriental tobacco.

19. Restrictions Against U. S. Agricultural Exports Removed Under GATT: The Foreign Agricultural Service, representing the Department, participated in the Tenth Session of GATT (General Agreement on Tariffs and Trade) at Geneva. At this session advantage was taken

of the opportunity to conduct bilateral discussions in which the Service continued to work, together with other U. S. Government agencies, for progressive relaxation of restrictions on, and discrimination against, U. S. agricultural exports. Since these discussions, Norway has announced removal of restrictions on several fruit items. Austria also liberalized imports from the United States of lemons and limes as well as unsweetened fruit and berry juices. Germany also proceeded further in trade liberalization. In other tariff negotiations with the 21 countries of GATT the U. S. succeeded in obtaining tariff concessions on items with a trade value of almost $400 million, of which almost $99 million were direct concessions to the United States on agricultural imports by these countries.

20. Eastern Europe Now More Important as Potential Market for than as a Competitor of U. S. Agriculture: A survey of Europe's east-west trade in food published in August 1955, and later as yet unpublished studies, indicate that the European Soviet Bloc changed from a net exporter to a net importer of food. Some of the satellites have been buying farm products in dollar as well as non-dollar areas, and may continue to do so.

21. Dutch Market for U. S. Farm Products Remains Strong: A circular was published on the Netherlands as a market for U. S. farm products. The Netherlands is one of the largest importers of our farm products. Because of its basic deficiency in such major products as grains, cotton, tobacco, and fats and oils, its importance as a center of transit trade, and its dynamic economy and good dollar position, the country is likely to remain among American agriculture's great foreign customers.

22. Italy Important Market for U. S. Farm Products: A circular was published on Italy as a market for U. S. farm products. Italy is an important market for U. S. farm products but less so than a few years ago because dollar aid has declined, quantitative restrictions are still in effect on most agricultural imports from the dollar area, and Italian wheat production has increased. While the Italian market for U. S. wheat has probably been permanently reduced, Italy is likely to continue to be a large purchaser of U. S. cotton and inedible tallow.

23. Australia's Import Restrictions on U. S. Farm Products Relaxed: In the fall of 1955 Australia announced relaxation of import restrictions on imports of certain agricultural raw materials, namely hops, cotton, tobacco, and hog casings from the United States by inclusion in the "all country" budget list which provides for importation from cheapest source regardless of exchange considerations. This action was facilitated by quarterly bilateral discussions by the Agricultural Attache and other members of the Embassy staff with Australian officials under provisions of GATT. A member of the Service staff made this possible by preparing the agricultural material used in discussions and by pressing U. S. agriculture's interest in the Australian market at interagency discussions.

24. Summary of Import Restrictions in Latin American Countries Prepared: A summary of import restrictions in the 20 Latin American countries was prepared for use of the attaches, commodity specialists, and trade contacts and has been helpful in appraising the market for agricultural products in those countries.

25. Agriculture in Middle East Expanding: A study of Turkish agriculture was made which resulted in an article in the October 1955 issue of Foreign Agriculture entitled "Recent Competition Aspects of Turkish Agriculture". This somewhat controversial article brought to the reading public's attention the fact that for several years Turkey, with a pastoral and agricultural background, has been increasing its agricultural output, and that if Turkey continued to follow the plan of expanding economic development she would have to depend heavily on the sale of farm products abroad to pay off the debts that a rapid modernization had imposed. In such event it might follow that Turkey would be a possible competitor of the United States. This study served to alert agricultural officials and the U. S. farming population to the phenomenal agricultural developments in the entire Middle East.

26. Japan Continues Heavy Importing of U. S. Agricultural Products: A review of the Japanese foreign exchange situation indicates a growing need for agricultural products, and points to the possibilities for continued heavy imports from the U. S. For the last four years Japan has been the largest foreign buyer of U. S. farm products. Heavy agricultural imports have been maintained despite a period of balance of payments difficulties from late 1952 to mid-1954, and despite a decline in special dollar earnings from U. S. military spending in Japan. The foreign exchange position has been much improved since mid-1954 as a result of domestic policies and world market conditions. Foreign exchange holdings have nearly doubled in less than three years.

27. Tropical Commodities Analyzed: A series of commodity situation papers were developed on coffee, cocoa, tea, and pepper for the use and guidance of International Cooperation Administration and other government agencies in their relationship with the governments of producing countries. Although these commodities are not produced in the United States, they are of significant importance to the United States from the standpoint of supply to meet U. S. consumer needs, and for the dollars made available which can be used by those countries to purchase U. S. agricultural commodities. A wider knowledge of the factors of production is of value to both the U. S. and the economy of the area of production.

28. Estimating Production of Tropical Commodities: Because of the importance of coffee and other tropical products to the United States and in the absence of domestic production, methods of estimating world production and trade for a number of these commodities are being developed. No other source, government or private, has so extensive coverage as is now used in collecting and analyzing tropical crop data. This has resulted in wider acceptance of the estimates and reports.

29. Foreign Agriculture Magazine Improved: Beginning with the January 1956 issue, Foreign Agriculture was modernized in format and strengthened in editorial policy. Its detailed background articles on a wide variety of foreign agricultural subjects have given way to shorter articles of current interest that interpret world agricultural developments as they affect the agricultural trade of the United States. Statistical data on the complex subjects of international trade and finance now appear in the meaningful form of graphs and charts. The change in Foreign Agriculture has been well received. Letters commending the magazine for its greater usefulness have been received from officials of Government agencies, agricultural attaches, farm organizations, trade journals, and colleges and universities.

30. Foreign Agricultural Movie in Preparation: As a means of making the Department's foreign agricultural activities better known, a motion picture was initiated during the last half of fiscal year 1956, for release in fiscal year 1957. The movie will feature (a) the world agricultural intelligence function of the FAS and (b) the foreign market promotions of the Service. The movie will be made available to U. S. audiences through the Department's motion picture distribution facilities. It is being designed so as to introduce the subject of foreign agricultural trade to discussion groups and also will be suitable for television use.

31. Distribution of Public Information Improved and Expanded: There was steady improvement and increased activity during the past year in supplying the informational needs of farmers, business, and others producing for, or engaging in foreign agricultural trade, or otherwise concerned with agricultural developments abroad. The Service's publications were re-styled to convey a larger volume of more useful information to end users. This was accomplished by improvement of subject-matter content and editorial presentment, and by placing greater emphasis upon articles and reports designed to promote United States foreign farm trade. Particular attention was paid to reporting foreign agricultural marketing opportunities, and competition faced by United States farm products in world markets. The improvement in the Service's publications drew comment from trade groups and others. Close contacts were maintained with private farm and trade magazines, and press, radio and television were extensively utilized for quick distribution of world agricultural trade information. Broadened use of these media during the year was reflected in the fact that the number of press releases, most of which reported foreign trade opportunities, rose from 146 to 344, and radio and television were utilized regularly to transmit important information to the public.

32. Agricultural Attaches - Progress in Staffing Attache Posts: Through October 1956 a total of 202 overseas positions under the Agricultural Attache program were filled. These appointments include 106 U. S. citizens (Attaches, Assistant Attaches and Secretaries) and 96 nationals. Of the 236 overseas positions authorized, 34 still have to be filled. The majority of the 34 remaining vacancies comprise local national stenographer, clerk and semi-professional positions.

Considerable difficulty has been encountered in finding locals with proper qualifications for these positions.

The job of recruiting qualified personnel for the Attache and Assistant Attache positions in almost completed and FAS is now moving into normal operations involving periodic transfer and rotation of Attache personnel assigned abroad.

The map on the following page shows the distribution of attache posts. Chart No. 5 shows the activities of the attaches.

33. Some Specific Accomplishments by Agricultural Attaches:

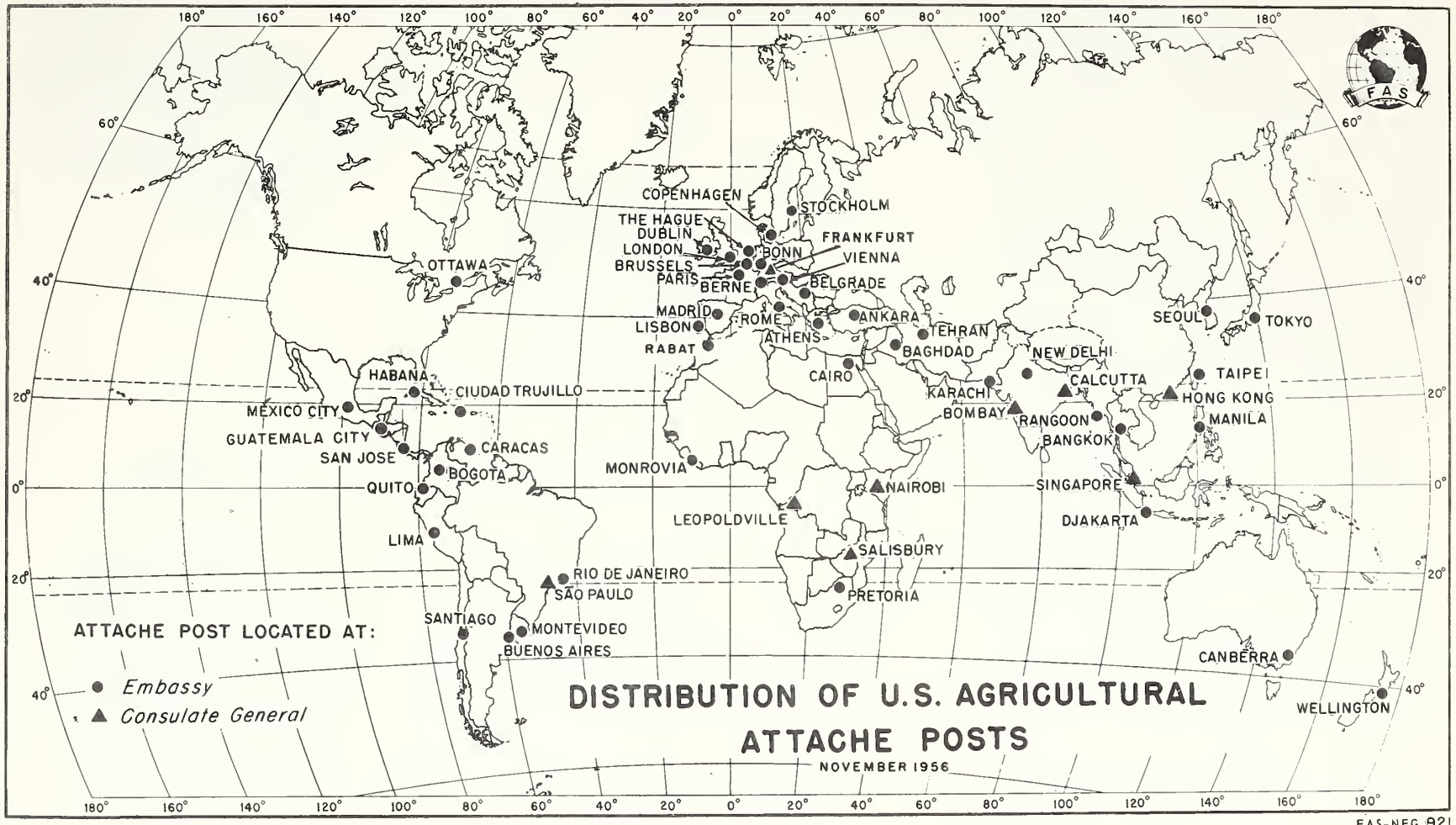
Trade Liberalization

Denmark: The continued efforts of the Office of the Agricultural Attache at Copenhagen, Denmark, in cooperation with FAS specialist and the U. S. trade was a contributing influence to the decision of the Danish Government to increase the number of items to be liberalized for import from the dollar area effective November 1955. The new items liberalized included dried currants, raisins, oil cakes, all kinds of rye and wheat bran, soybeans, horses, breeding cattle, and a number of livestock and meat products such as casings, bone meal, blood meal, meat meal and undressed hides and skins.

India: As the result of negotiations between the Office of the Agricultural Attache, New Delhi, India, and Indian officials in the Import Control Office, the Government of India has liberalized its import policies with respect to almonds. The Import Trade and Control Policy regulations for the period July - December 1956 provide that 75 percent of an established importer's base year imports for fruits and nuts will be valid for a 12 month period from the issue date of the license; newcomers are granted certain import licenses according to an established procedure under which 15 percent of the face value of the licenses can be utilized for imports from the dollar area.

Dollar Sales

Japan: At the suggestion of the Agricultural Attache, Tokyo, Japan, following consultation with the FAS rice marketing specialist, a method of testing and certifying rice against harmful bacteria was implemented by the U. S. rice industry, which made possible the sale by U. S. exporters of approximately 200,000 tons of rice to Japan, valued at about 30 million dollars. This suggestion was made following the Japanese government suspension of rice imports from all sources, because of the discovery of harmful bacteria in imported rice (commonly referred to as the "yellow rice scare"). The method of testing and certifying rice involved establishment in the U. S. of small-scale laboratory facilities, staffed jointly by U. S. and Japanese technicians. The U. S. industry paid the transportation and subsistence expenses of the Japanese technicians and the Japanese Government paid their salaries. The Agricultural Attache represented the U. S. Government



USDA

FAS-NEG. 921

The agricultural attaché: Representative, reporter, advisor

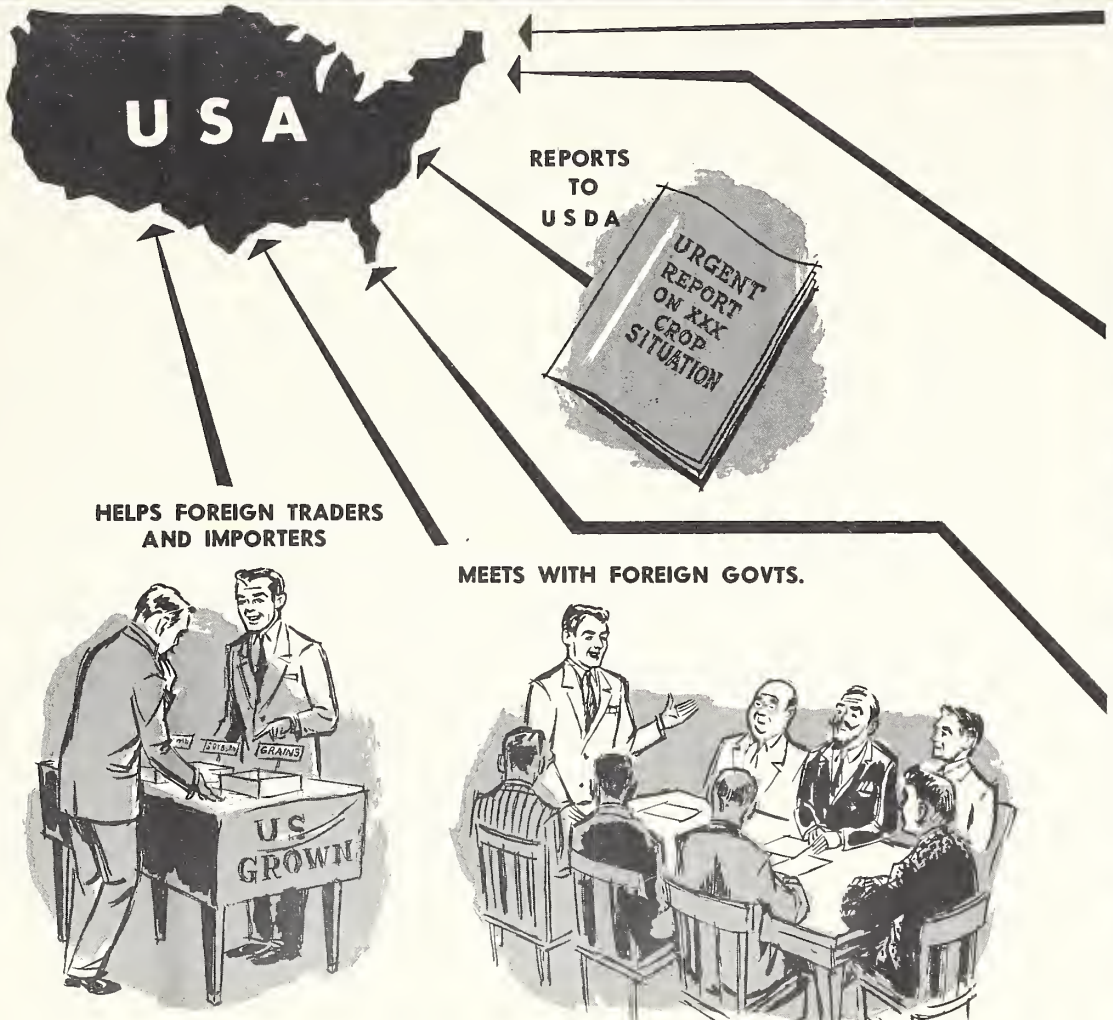


CHART NO. 5

in developing the project and handled the necessary negotiations between the U. S. industry and the Japanese Government.

Philippines: In late 1955 a number of U. S. tobacco exporters shipped about 8 million pounds of tobacco to the Philippines on the basis of what was believed to be an understanding with Philippine officials that dollars would be made available for the import. Following shipment, however, the Philippine Government indicated that funds would not be allotted for this purpose and that the tobacco would not be permitted entry. This decision if carried out would have meant a substantial loss to the U. S. Tobacco Trade. Extensive negotiations by the Office of the Agricultural Attache and the U. S. Embassy resulted in a reversal of the decision by the Philippine Government and approval of the tobacco import.

Federation of Rhodesia and Nyasaland: As a result of the efforts of the Agricultural Attache at Salisbury, Southern Rhodesia, the U. S. has completed arrangements for dollar sales of approximately 5,000 bales of cotton to the growing Southern Rhodesian textile industry and 4,000 tons of winter wheat to the Rhodesian milling interests. This is the first sale of U. S. cotton and wheat to Southern Rhodesia. It was made possible by the on-the-scene-activity of the Agricultural Attache.

Uruguay and Argentina: The Office of the Agricultural Attache in each of these Latin American countries was very successful in promoting the sale of Maine potatoes. In both countries, the Agricultural Attaches were of valuable assistance to the U. S. exporters concerned in arranging interviews for them with government officials and private potato importers.

STATUS OF PROGRAM

"Removal of Surplus Agricultural Commodities"
(Allotment from Section 32 funds)

Current Activities: The Foreign Agricultural Service receives an allotment from Section 32 funds to carry out a broad program for the development of markets abroad for United States agricultural products in surplus or potential surplus supply. Under this allotment, the Service also administers export programs, including those under the Agricultural Trade Development and Assistance Act, Public Law 480, and related authorizations, as well as import programs and controls.

Selected Examples of Recent Progress:

Foreign Market Promotion:

1. Foreign Cotton Price Reporting System Expanded and Improved: There has been an expansion and improvement in the reporting system for foreign cotton prices to meet the needs of the Commodity Credit Corporation in conducting sales for export under the new programs initiated in 1956. The enactment of Public Law 540 on May 28, 1956, providing for the sale of government-owned cotton for export at competitive world prices, created a new and more urgent need for regular and more detailed reporting of prices of competing foreign growths of cotton offered on export markets. The previous system of reporting such prices from major foreign exporting countries is now supplemented by a much wider range of price data received regularly from the principal import markets of Liverpool, Bremen, Osaka, Milan, and Ghent. These reports showing the competitive position of United States cotton prices in relation to those for comparable foreign qualities at common points of destination are furnished to the CCC each week. A large portion of these price data are supplied each week to the Agricultural Marketing Service and the International Cotton Advisory Committee.

2. Merchandising of American Cotton Helped by Providing Technicians: The Service provided a technical representative to the Plenary Session of the International Standardization Organization in Southport, England, in May 1956, at which time the United States Delagation secured an agreement with 22 countries on standard tests methods for measuring three cotton fiber properties. These methods were adopted as draft ISO recommendation and will materially assist the merchandizing of American cotton in international trade.

3. Italian Import Taxes on United States Cotton Reduced: The Italian Government was persuaded to revise its rates of cotton import duties to eliminate discrimination aganist United States cotton. Effective May 21, 1956, the rate was reduced to about $15.00 per bale (500 pounds gross) compared with the old rate of around $18.50 per bale and is now roughly comparable with rates of duty on similar foreign

cotton. Italy is one of the few countries that maintains a tax on imports of raw cotton. The overall tax currently amounts to about 10 percent of market value of United States cotton c.i.f. Italian port before August 1, 1956.

4. Recombined Milk Operations Expanded: Business opportunities with reference to recombined milk and dairy products were surveyed in South and Central American and certain Near and Middle Eastern countries. The per-capita availability of milk and milk products in these areas is low according to United States standards. Definite business possibilities of supply recombined milk and dairy products exist in seven countries. As a result of these trips, representatives of the U. S. dairy industry have shown active interest in the areas and the possibility of the culmination of joint business ventures between U. S. interests and foreign interests are likely. Two major U. S. dairy companies are actively engaged in establishing business operations utilizing nonfat dry milk solids and anhydrous milk fat in recombining operations overseas. Other companies have shown interest.

5. Acceptable Ghee Developed for Export: This Service has continued to follow the policy of adapting U. S. dairy products to the consumer desires of the importing countries. An intensive study was made in India and Pakistan to determine the local procedures and methods used to produce ghee. The basic information learned was made available to the U. S. dairy industry. As a result, an American-made ghee acceptable to the Far and Middle Eastern consumer was produced. This product has now been sold for local currency under P.L. 480.

6. Native Cheese Made in Central American Plants from U. S. Dairy Products: A study of the farm manufacture of "queso blanco" cheese in Central America was made to determine if procedures existed that could be used by U. S. manufacturers to duplicate this cheese. It was determined that no scientific information as to time, temperature, and bacterial cultures, etc., was available. A dairy marketing specialist went to Central America to experimentally produce in a Central American dairy plant "queso blanco" cheese, utilizing U. S. nonfat dry milk solids and anhydrous milk fat. Factory procedures for the manufacture of this cheese have now been established, thus makingit possible for this cheese to be made in Central and South American factories utilizing U. S. ingredients, or to be made by U. S. companies for export to this area.

7. Butter Sale to Western Germany: An opportunity was open for U. S. exporters to move butter into Western Germany in the winter of 1955-56, provided certain obstacles could be overcome. The Service assisted actively, insofar as Government operations were concerned, and a sale of approximately 6 million pounds of butter to Western Germany resulted.

8. Soybean Marketing Opportunities Improved in Japan: A study was made in Japan following a series of complaints on U. S. soybean

quality, and threats that much of the business might be lost to Communist China. It was found that the market for soybeans in Japan may be maintained, or even expanded. The study emphasized that Japanese use soybeans mainly for food. Producers and exporters will need to keep this fact in mind if they are to retain Japan as their largest foreign customer. This study revealed that foreign material content and green seed coats have been the main sources of complaint. Chinese-Manchurian soybeans are claimed by Japanese to be essentially free of foreign material and of the desired yellow color. It was indicated that Japanese are better satisfied with U. S. soybeans received under the grading standards as revised effective September 1, 1955.

9. European and U. S. Soybean Sampling and Grading Compared: A joint American-European team of four men carried out a soybean sampling and grading project at U. S. and European ports in an effort to learn each others' methods as a basis for removing quality complaints on beans shipped to Europe. Storage, loading and unloading methods and facilities were compared and samples were taken for grading by U. S. methods in this country. Samples were taken and graded by European methods from the same cargoes on arrival in foreign ports. European buyers and their surveying agents were given a firsthand knowledge of American grading, sampling and loading practices. U. S. officials responsible for grading and issuance of grading certificates observed the European methods. As a result there has been a fuller understanding of the reasons for differences of opinion and frequent dissatisfaction with regard to the quality of U. S. soybeans. It is believed that while sampling and grading methods on opposite sides of the Atlantic are not directly comparable, the outcome of this project will be to improve the soybean trade between Europe and the United States.

10. Imports on American Fruits and Fruit Products Liberalized: The greatest emphasis in marketing development activities in the fruit and vegetable field has been placed upon endeavoring to obtain liberalization of imports of American fruits and fruit products into European countries. The FAS has worked with foreign governments and with foreign trade closely in connection with this program. Developments in this field within the past 12 months are summarized as follows:

Import liberalizations obtained:

Germany - Canned grapefruit and barreled plums as of July 1, 1955. Dried apples, dried pears and almonds as of July 1, 1956.

Denmark - Raisins as of November 1, 1955.

Austria - Fresh grapefruit and lemons; canned peaches, pineapple and grapefruit juice as of July 15, 1955.

Norway - Raisins, dried prunes, fresh grapefruit and fresh lemons as of July 1, 1956. Canned peaches and pineapple as of October 1, 1956.

Free dollar tenders (form of liberalization peculiar to Germany):

Dried fruits and nuts, canned asparagus, dried tomato flakes, pulses, orange, lemon and grapefruit juices and concentrates, fresh citrus, canned pineapple, onions, apples and pears.

11. Florida Citrus Exports Expanded: Early in March 1956 the Fruit Specialist stationed in London succeeded in arranging for a syndicate of Hamburg and London importers to be formed. They chartered a vessel with which to transport Florida citrus to London and Hamburg. The venture proved successful and importers are planning to expand this operation during the forthcoming season.

12. Sales of American Potatoes to New Zealand Arranged: The FAS initiated and carried out negotiations with the New Zealand Government arriving at certification of U. S. potatoes acceptable to the New Zealand Government with a resultant program to enable exports of 5,000 tons of California potatoes to New Zealand in the early summer of 1956.

13. German Import Program Amended to Include Tangerine Concentrate: In March 1956 the West German Government was requested to amend its program authorizing imports of concentrated orange and grapefruit juices to include concentrated tangerine juice. On March 10 the German program was accordingly amended to include tangerine concentrate and exports of this product have for the first time been made to West Germany.

14. South America Investigated as a Potential Seed Market: Increased interest in American seeds is already evident in the increased volume of trade with the countries of South America. Visits by a Seed Marketing Specialist to the experiment stations and conferences with government officials and seedmen focused attention upon the qualities of seeds available in the United States. For example, shortly after his visit, Bolivia purchased 30 tons of alfalfa seed, the first such purchase from the United States. Numerous samples of American seeds are being furnished to the experiment stations of South America. Especially noteworthy is the great interest Argentina displayed in testing various grasses and legumes for the drier sections where wheat was formerly grown. They asked for and received over 30 pounds of samples. This is desirable since they are undertaking to put these areas into pastures rather than produce wheat for the world market.

15. The European Seed Situation Surveyed: Much injury to European seed crops resulted from the devastating winter and the cold, backward spring. Since Europe is an important source of supply for United States importers a survey was made of the probable supplies as a guide to our buyers. Reports on the finds of the survey were widely distributed to the trade. Winter injury and unfavorable spring weather have curtailed production, this increasing import needs for some kinds while others will not be available for export to the United States.

16. Potential Market for Lard and Other Meat Products in Germany Analyzed: A first-hand marketing survey was made in Germany to determine how United States' exports to that Market could be increased. The final reports discussed Germany's need for imported products, the 1956 import outlook, the U. S. share of the market, and the factors limiting U. S. exports. Recommendations were made as to ways in which U. S. exports to Germany could be increased and the manner in which United States' producers could meet the competition from margarine and foreign supplies. Germany has since reduced the import duty on lard. German importers have formed an organization to place a distinctive trademark on high quality U. S. pure lard to increase its consumer acceptance. A German inspection officer has visited the U. S. to study U. S. inspection methods and procedures and to study special problems relating to the importation of lard and meat products from the United States.

17. Import Restrictions on Animal Fats into Iran Removed: Prior to the initiation of negotiations for the Agricultural Commodities Agreement with Iran under Title I of Public Law 480, Iran had had in effect restrictions against imports of animal fats. This prohibited imports of butter as well as other commodities. As an outgrowth of the negotiations for the agreement, which included butter and butter oil, these import restrictions were removed. The removal of restrictions went beyond customs restrictions and included removal of currency restrictions as well. This has made possible import of U. S. butter and butter oil into Iran for free dollars as well as under the provisions of the P.L. 480 agreement.

18. Overseas Information Program Initiated: Realizing that foreign market promotion can be successful only in an atmosphere that is favorable to U. S. agricultural products and policies, the Service in fiscal year 1956 initiated a program to keep foreign countries better informed regarding American agricultural commodities and trade programs. Two key points in the program are the information officers of the United States Information Agency and the Department's agricultural attaches. USIA employees are very cooperative and close working relationships are being established. Suggestions for foreign releases are being made to USIA, and in some cases special releases are being prepared. As a result of consultations with FAS, USIA and the Department of State are developing instructions to their field employees on the handling of foreign relations problems growing out of U. S. surplus disposal operations.

Import Controls:

1. Section 22 Investigations Conducted: Section 22 of the Agricultural Adjustment Act, as amended, is designed to protect agricultural programs from being materially interfered with by imports. During the period July 1, 1955 through June 30, 1956, preliminary investigations were conducted on 20 commodities, including figs, dates, peanuts, wheat seed, wheat products, rye cotton textiles, cotton, barley, oats, tapioca, almonds, filberts, walnuts, tung oil, cheese, dried milk products, butter oil, flax seed and linseed oil.

2. Section 22 Import Licenses Issued: Presidential Proclamations 3019 and 3025 issued in June 1953 under Section 22 of the Agricultural Adjustment Act, as amended, give the Department of Agriculture responsibility for apportioning imports and issuing import licenses for certain manufactured dairy products. During the period July 1, 1955 through June 30, 1956, 1,995 licenses for imports of cheese were prepared, 403 transfers of country of origin were authorized, 316 changes in port of entry were approved, and about 25 petitions for relief from hardship were received and examined. In addition, about 106 licenses for imports of manufactured dairy products other than cheese were issued.

ACTIVITIES UNDER PUBLIC LAW 480
AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

This statement describes the activities and shows the progress for the following:

I. Sale of commodities for foreign currencies under Title I of Public Law 480.

II. Grants of commodities to friendly peoples for famine relief and other assistance under Title II of Public Law 480.

III. Sale of commodities for foreign currencies under the Mutual Security Act.

IV. Use of Title I foreign currencies by the Foreign Agricultural Service for Foreign Market Development Work.

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I. Sale of Commodities for Foreign Currencies under Title I of Public Law 480

1. Authority: Title I of the Agricultural Trade Development and Assistance Act, Public Law 480, authorizes the President until June 30, 1957, to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. In negotiating such agreements the President is required, among other things, to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales for foreign currencies will not unduly disrupt world prices, to take appropriate steps to assure the use of private trade channels, and to give special consideration to the development and expansion of demand abroad for agricultural commodities. The legislation authorizes the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated and to determine the commodities and quantities which may be included in such negotiations and agreements. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.

2. Total Program Agreements: As of October 31, 1956, a total of 72 agreements, or supplements to agreements were entered into with 30 friendly governments since the inception of the program. The total value of these agreements based on costs to the Commodity Credit Corporation is estimated at $2,340 million with an export market value of $1,458 million, exclusive of ocean transportation cost to be financed by CCC. The commodity composition, export market value, and CCC cost of these agreements are as follows:

Commodity	Approximate quantity	Market value	CCC Cost
		Millions	Millions
Wheat & wheat flour	301,282,000 bu.	$492.2	$880.6
Feed grains	65,519,000 bu.	85.6	124.8
Rice	17,910,000 cwt.	113.1	220.8
Cotton	2,494,400 bales	372.9	524.6
Tobacco	140,316,000 pounds	96.6	96.6
Dairy products	124,109,000 pounds	28.7	47.4
Fats and oils	1,447,840,000 pounds	224.9	233.5
Other	--	44.3	44.6
Total commodities		1,458.3	2,172.9
Ocean transportation		167.8	167.8
Total		1,626.1	2,340.7

3. Shipments: Over $700 million worth of these commodities at export market value were shipped as of October 31, 1956. Because of price difficulties, cotton programming during the fiscal year 1956 moved slowly. This condition improved after August 1, 1956, when exports started under the new CCC cotton export sales program providing for the sale of CCC cotton for export at competitive world prices. Shipment of the cotton programmed through June 30, 1956, may extend beyond the end of the calendar year 1956. Shipments of other commodities should be substantially completed by the end of the calendar year if cargo vessels are available.

   The value of shipments represented about 12 percent of the total value of agricultural exports during the fiscal year 1956. Wheat exports comprised about 28 percent of total wheat exports during the fiscal year 1956; cotton, 23 percent; cottonseed oil and soybean oil, 50 percent; and tobacco, 13 percent.

   Sales for foreign currencies have been made at the price level no lower than that for commodities available for export sales for dollars.

4. Progress during 1956 Fiscal Year in Negotiating Agreements.

   a. India: A three year program provides for the sale of $360.1 million worth of agricultural commodities. The agreement includes about 130 million bushels of wheat. This, and other recent substantial programs for wheat, means that for the first time in several years there should be a reduction in the accumulated surplus of wheat.

b. Spain: An agreement was negotiated with Spain involving $5 million worth of wheat. The wheat will be resold to Switzerland by Spain, under safeguards provided for in Public Law 480, in exchange for Swiss francs or credits against which Spain can procure Swiss industrial goods. The program is of special importance to the U. S. because our exports of wheat to Switzerland have declined sharply during the past 5 years and this transaction offers wheat exporters an opportunity to keep U. S. wheat in this market.

c. United Kingdom: The $12 million tobacco agreement entered into with the United Kingdom provides that the sterling received in payment for the tobacco will be used to construct family housing for U. S. military personnel in the United Kingdom. The full amount of the 1955 tobacco agreement with the United Kingdom ($15.2 million) has been obligated and housing contracts have been awarded for construction of 1,481 units for the U. S. Air Force and 16 units for the Navy.

d. Indonesia: The agreement negotiated with Indonesia in the amount of $96.7 million at export market value is the first agreement calling for delivery of commodities over a 2-year period. The agreement provided for $35.8 million worth of rice. This amount, along with rice being shipped to Pakistan under Titles I and Title II, and rice to be shipped to India under Title I, commits the surplus accumulation of rice from the 1953, 1954, and the 1955 crops.

e. Germany: An agreement with the Federal Republic of Germany provided for the sale of $1.2 million worth of U. S. poultry and is giving the poultry industry an opportunity to introduce its products to the world's largest importers of poultry. In addition, the bulk of the deutschmarks accruing from these sales will be used for the development of markets for U. S. agricultural commodities in that country.

f. Yugoslavia: The first substantial sale of lard under Title I was made to Yugoslavia and called for approximately 88 million pounds. This agreement was entered into in January 1956 and virtually all the lard was shipped by June 30. The sale marked an additional step taken by the Department in expanding outlets for exports of pork products and assisting hog producers.

g. Israel: The agreement with Israel provided for $10 million worth of beef. Shipments of the beef are expected to approximate the meat equivalent of nearly 50,000 head of cattle.

5. Program Results: Table I shows the commodity composition of the agreements entered into through October 31, 1956, in terms of dollar amounts, Table II, the approximate quantities, and Table III, the planned uses of the foreign currencies.

Table I. Commodity composition of programs under Title I, PL 480 agreements signed from beginning of program through Oct. 31, 1956

Country	Wheat	Feed grains	Rice	Cotton a/	Tobacco	Dairy products	Fats & oils	Other	Market value	Ocean transp.	Mkt. value including O.T. b/	Est. CCC cost incl. O.T. 1/
	(Million dollars)											
Argentina	--	--	--	--	--	--	30.4	--	30.4	0.7	31.1	34.0
Austria	3.4	10.6	--	6.1	3.5	--	2.4	c/0.3	26.3	2.3	28.6	41.8
Brazil	34.2	0.9	--	--	0.2	--	1.8	--	37.1	4.9	42.0	78.9
Burma	--	--	--	17.5	1.1	2.0	--	c/0.2	20.8	0.9	21.7	31.2
Chile	8.4	--	--	5.3	0.2	1.0	16.0	d/6.2	37.1	2.5	39.6	53.1
China(Taiwan)	--	--	--	5.0	1.7	1.5	1.0	--	9.2	0.6	9.8	12.6
Colombia	5.0	--	--	7.6	--	0.7	2.5	--	15.8	1.1	16.9	24.1
Ecuador	1.2	--	--	0.8	0.2	--	1.5	--	3.7	0.3	4.0	5.3
Egypt	17.1	--	--	--	--	--	--	--	17.1	2.5	19.6	38.7
Finland	6.3	2.3	--	5.8	6.0	0.5	--	c/1.2	22.1	1.9	24.0	34.3
France	--	--	--	--	0.7	--	--	--	0.7	--	0.7	0.7
Germany	--	--	--	--	--	--	--	e/1.2	1.2	--	1.2	1.2
Greece	11.0	5.4	--	--	--	3.6	14.3	--	34.3	3.4	37.7	51.2
India f/	200.0	--	26.4	70.0	6.0	3.5	--	--	305.9	g/60.2	366.1	553.4
Indonesia	5.0	--	35.8	36.0	15.0	--	--	--	91.8	5.7	97.5	153.2
Iran	3.9	--	--	--	--	6.0	1.4	--	11.3	1.2	12.5	20.0
Israel	15.8	8.4	0.1	2.6	0.4	5.8	3.0	h/10.3	46.4	5.2	51.6	76.5
Italy	1.6	10.0	--	65.3	7.4	--	30.0	--	114.3	4.5	118.8	157.3
Japan	49.7	14.3	14.4	52.8	7.7	--	--	--	138.9	11.9	150.8	210.1
Korea	6.4	11.5	--	17.2	6.6	1.0	3.0	i/8.0	53.7	5.3	59.0	74.6
Netherlands	--	--	--	0.27	--	--	--	--	0.27	0.01	0.28	0.4
Pakistan	11.8	--	35.0	29.0	4.8	2.5	3.3	--	86.4	8.7	95.1	153.9
Paraguay	1.7	--	--	--	--	0.4	0.5	--	2.6	0.4	3.0	4.3
Peru	8.9	--	--	--	--	0.2	3.0	--	12.1	1.4	13.5	20.3
Portugal	6.3	--	--	--	--	--	--	--	6.3	0.8	7.1	13.7
Spain j/	4.6	9.5	--	a/33.5	6.2	--	91.0	k/16.9	161.7	15.2	176.9	200.4
Thailand	--	--	--	--	1.9	--	--	--	1.9	0.1	2.0	2.0
Turkey	13.8	12.7	1.4	--	--	--	9.0	--	36.9	7.5	44.4	66.6
United Kingdom	--	--	--	--	27.0	--	--	--	27.0	0.4	27.4	27.4
Yugoslavia	76.1	--	--	18.1	--	--	10.8	--	105.0	18.2	123.2	199.5
Total agreements	492.2	85.6	113.1	372.87	96.6	28.7	224.9	44.3	1,458.27	167.81	1,626.08	2,340.7

(Footnotes on reverse)

a/ Spanish Program includes $0.3 million cotton linters.

b/ Includes only ocean transportation to be financed by CCC except as noted in footnote g.

c/ Fruit.

d/ Hay & pasture seeds $2.5 million; frozen beef $3.7 million.

e/ Poultry.

f/ Three-year program.

g/ Includes $6 million estimated for ocean freight differential for which no rupee deposits are required. The balance, $54.2 million, only, is reflected in the currency use table.

h/ Dry edible beans, $0.3 million; chilled or frozen beef, $10 million.

i/ Canned pork.

j/ Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

k/ Hams $0.6 million; salt pork $0.4 million; potatoes $1.4 million; frozen beef $14.5 million.

l/ Since the previous summary the CCC cost estimates have been revised to reflect the new CCC wheat sales policy under which, effective September 4, 1956, CCC stocks of wheat will no longer be sold for export under Title I, P.L. 480.

Table II. - Approximate quantities of commodities under agreements signed from beginning of program through Oct. 31, 1956 Title I, Public Law 480

Country	Wheat & flour	Feed grains a/	Rice	Cotton b/	Tobacco	Dairy products c/	Fats and oils d/	Poultry	Dry edible beans	Fruit & vegetables	Meat	Hay and pasture seeds
	1,000 bu.	1,000 bu.	1,000 cwt.	1,000 bales	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 cwt.	1,000 lbs.	1,000 lbs.	1,000 cwt.
Argentina	--	--	--	--	--	--	220,000	--	--	--	--	--
Austria	2,025	7,091	--	42.5	5,900	--	e/ 16,552	--	--	f/ 1,974	--	--
Brazil	20,172	688	--	--	125	--	e/ 11,000	--	--	--	--	--
Burma	--	--	--	125.2	1,467	9,511	--	--	--	f/ 1,579	--	--
Chile	4,927	--	--	37.6	300	9,900	e/ 94,019	--	--	--	g/13,214	55
China (Taiwan)	--	--	--	35.6	2,000	11,023	10,811	--	--	--	--	--
Colombia	2,612	--	--	48.3	---	3,307	14,141	--	--	--	--	--
Ecuador	597	--	--	6.0	323	--	13,629	--	--	--	--	--
Egypt	10,329	--	--	--	--	--	--	--	--	--	--	--
Finland	3,741	1,537	--	36.1	9,990	1,163	--	--	--	f/10,720	--	--
France	--	--	--	--	867	--	--	--	--	--	--	--
Germany	--	--	--	--	--	--	--	3,000	--	--	--	--
Greece	6,378	5,073	--	--	--	34,761	e/ 83,288	--	--	--	--	--
India h/	128,600	--	4,409	500.0	6,000	14,770	--	--	--	--	--	--
Indonesia	2,894	--	5,629	250.2	23,000	--	--	--	--	--	--	--
Iran	2,120	--	--	--	--	11,708	5,773	--	--	--	--	--
Israel	9,251	7,356	7	15.5	550	18,556	19,450	--	37	--	g/40,000	--
Italy	948	5,860	--	453.8	9,450	--	193,446	--	--	--	--	--
Japan	30,866	11,450	2,111	305.0	9,462	--	--	--	--	--	--	--
Korea	4,122	10,000	--	102.7	12,667	2,751	e/ 24,004	--	--	--	g/19,842	--
Netherlands	--	--	--	1.8	--	--	--	--	--	--	--	--
Pakistan	7,273	--	5,534	189.4	5,317	5,105	21,159	--	--	--	--	--
Paraguay	994	--	--	--	--	933	e/ 3,126	--	--	--	--	--
Peru	5,014	--	--	--	--	621	22,000	--	--	--	--	--
Portugal	3,751	--	--	--	--	--	--	--	--	--	--	--
Spain	i/2,446	5,956	--	b/230.3	11,573	--	e/547,996	--	--	f/66,667	g/62,810	--
Thailand	--	--	--	--	2,700	--	--	--	--	--	--	--
Turkey	8,099	10,508	220	--	--	--	59,482	--	--	--	--	--
United Kingdom	--	--	--	--	38,625	--	--	--	--	--	--	--
Yugoslavia	44,123	--	--	114.4	--	--	e/ 87,964	--	--	--	--	--
Total	301,282	65,519	17,910	2,494.4	140,316	124,109	1,447,840	3,000	37	80,940	135,866	55

(Footnotes on reverse)

a/

	Thousand bu.
Feed wheat	2,234
Corn	26,697
Oats	5,843
Barley	24,950
Grain sorghums	5,795
Total	65,519

b/ Includes 15.4 thousand bales cotton linters for Spain.

c/

	Thousand lbs.
Condensed milk	5,500
Dry whole milk	1,168
Nonfat dry milk	58,103
Evaporated milk	13,161
Butter	17,057
Cheese	6,933
Butter oil and/or ghee	15,937
Ghee	4,249
Whey	2,001
Total	124,109

d/

Cottonseed oil	121,590
Cottonseed oil and/or soybean oil	764,651
Cottonseed oil, soybean oil and/or lard	324,194
Linseed oil	11,556
Lard	147,610
Tallow and/or grease	78,239
Total	1,447,840

e/ Entire quantity shown for country is lard except Chile, Greece, Korea, Paraguay, and Spain which includes lard as follows:

	Thousand lbs.
Chile	3,241
Greece	3,571
Korea	14,327
Paraguay	1,300
Spain	9,655

f/

Austria, canned fruit and fruit juices	47
Dried fruit	1,927
Burma, canned fruit and fruit juices	769
Dried fruit	810
Finland, dried fruit	9,800
Fresh pears	920
Spain, potatoes	

g/

Israel and Chile, chilled or frozen beef	
Korea, canned pork	
Spain, canned hams	984
salt pork	1,905
frozen beef	59,921

h/ Three-year program.

i/ Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

Table III - Planned uses of foreign currency under Title I Public Law 480 agreements signed from beginning of program through October 31, 1956 1/ (as of Oct. 31, 1956) (Million dollars)

Country	Total amt. programmed (Mkt. value incl. O.T.)	Market development (104 a)	Purchase of strategic material (104 b)	Purchase of Military procurement (104 c)	Grants for goods for other countries 2/ (104 d)	Payment of multi.trade & economic development (104 e)	Loans for U.S. obligations 3/ (104 f)	multi.trade & economic development (104 g)	Int.ed. exchange (104 h)	Transportation & Publication (104 i)	Inform. & Education (104 j)
Argentina	31.1	0.5	—	—	2/ 1.0	—	8.9	20.0	0.7	—	—
Austria	28.6	0.7	—	—	2.0	—	9.7	16.0	0.2	—	—
Brazil	42.0	0.7	2.8	—	—	—	6.3	31.3	0.9	—	—
Burma	21.7	0.5	—	—	2/	—	21.2	—	—	—	—
Chile	39.6	0.8	—	—	—	—	6.5	31.7	0.6	—	—
China (Taiwan)	9.8	0.3	—	4.9	—	—	4.6	—	—	—	—
Colombia	16.9	0.8	—	—	2/	—	5.5	10.0	0.6	—	—
Ecuador	4.0	0.2	—	—	—	—	0.5	3.1	0.2	—	—
Egypt	19.6	1.0	—	—	2/	—	4.0	13.6	1.0	—	—
Finland	24.0	0.5	—	—	2/	—	23.2	—	0.3	—	—
France	0.7	0.6	—	—	—	—	0.1	—	—	—	—
Germany	1.2	1.1	—	—	—	—	0.1	—	—	—	—
Greece	37.7	0.8	—	—	—	7.5	8.9	20.5	—	—	—
India - 3 yr. prog.	360.1	4.0	—	—	2/	54.0	68.0	234.1	—	—	—
Indonesia	97.5	1.0	2.0	—	—	—	16.8	77.4	0.3	—	—
Iran	12.5	0.2	—	5.9	—	—	3.7	2.5	0.2	—	—
Israel	51.6	0.4	—	—	2/ 3.1	—	10.9	36.8	0.4	—	—
Italy	118.8	2.7	1.0	—	2/ 10.0	—	23.0	81.2	—	—	0.9
Japan	150.8	3.3	—	4/	10.9	—	4/ 25.6	108.9	2.1	—	—
Korea	59.0	0.5	—	45.4	—	—	13.1	—	—	—	—
Netherlands	0.28	0.25	—	—	—	—	0.03	—	—	—	—
Pakistan	95.1	1.1	—	58.2	—	—	15.9	19.9	—	—	—
Paraguay	3.0	0.2	—	—	—	—	0.5	2.2	0.1	—	—
Peru	13.5	0.7	—	—	—	—	2.5	9.7	0.6	—	—
Portugal	7.1	0.3	—	—	—	—	2.9	3.4	0.5	—	—
Spain	176.9	3.0	1.0	—	—	—	63.6	107.8	1.0	—	0.5
Thailand	2.0	0.2	—	—	—	—	0.6	0.8	0.4	—	—
Turkey	44.4	0.7	—	—	—	—	20.9	22.1	0.7	—	—
United Kingdom	27.4	—	—	4/	—	—	4/ 27.4	—	—	—	—
Yugoslavia	123.2	0.3	—	88.8	—	—	25.1	9.0	—	—	—
Total agreements	1,620.08	27.35	6.8	203.20	27.0	61.5	420.03	862.0	10.8	--	1.4
Uses as percent of total	100.0	1.7	0.4	12.5	1.7	3.8	25.9	53.2	0.7	--	0.1

1/ Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made.

2/ Amounts shown in this column indicate a specified amount in the agreement for this use. Footnote 2/ only shows an unspecified amount for possible procurement for third countries. A footnote and an amount indicate more than one agreement including both specified and unspecified amounts.

3/ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under Sections 104(a), (b), (f), (h) and (i). In some instances, possible uses under Section 104(d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsections (a), (b), (d), (h) and (i). Balances not otherwise distributed are included under subsection (f). This distribution is subject to revision when allocations have been completed.

4/ The Japanese agreement for the July-June year 1955-56 provides for the use of $8.1 million and the U.K. agreements provide for the entire currency use under subsection 104(c). However, since in return for this currency use, these countries will construct and make available to the U.S. armed forces an equivalent value of dependent housing, the amounts are shown under 104(f).

6. Amendments to Title I: Public Law 962, approved August 3, 1956, increased the maximum amount authorized under Title I from $1.5 billion to $3.0 billion. The law also exempts the sales of fresh fruit and fruit products from the cargo preference laws. The amendment also added subsection (j) to Section 104 of Title I of the Act which permits the use of foreign currencies, subject to allocation by the Bureau of the Budget, for assistance to activities and projects authorized by Section 203 of the U. S. Information and Education Act of 1948.

New subsection (i) of Section 104 was added by the Mutual Security Act of 1956, approved July 18, 1956, which authorized the use of foreign currencies generated under Title I of P.L. 480 to finance the translation, publication, and distribution of books and periodicals, including Government publications abroad. However, not more than $5 million of the foreign currencies may be allocated for this purpose during any fiscal year.

II. Grants of Commodities to Friendly Peoples for Famine Relief and Other Assistance under Title II of Public Law 480

1. Legislative Authority: The Department cooperates with the International Cooperation Administration in the review and clearance of all proposals for use of commodities pursuant to Title II of Public Law 480. Under this title, the President is authorized to furnish, out of CCC stocks and on a grant basis, surplus agricultural commodities to friendly governments or peoples, to assist in meeting famine, or other urgent or other urgent or extraordinary relief requirements, or to assist programs undertaken with friendly governments or through voluntary relief agencies. Programs of assistance may be authorized over a 3-year period ending June 30, 1957. Reasonable precautions must be taken to assure that these transfers will not displace or interfere with sales that might otherwise be made.

2. Shipments Authorized: Through October 31, 1956, shipments authorized approximated $261.9 million, including $177.3 million in grain, $32.7 million in fats and oils, $7 million in raw cotton, $40.7 million in milk and milk products, and over $3.8 million in dry beans.

Shipment of about 211,000 metric tons of food and feedstuffs was authorized in connection with the President's offer of assistance to Western Europe, which was afflicted by one of the worst winters in the past 2 or 3 decades. Over $19 million of food and feedstuffs was provided to Italy to meet emergency needs; over $13 million of grain, fats, and milk products went to Turkey to help meet the needs created by the winter emergency, as well as that caused by severe earthquake and fire; and $3.2 million of grains, beans, and butter will be distributed under the supervision of the League of Red Cross Societies to the needy people afflicted by storms and floods in Hungary.

Other recent programs included the provision of $34.5 million of wheat and rice to Pakistan to avert threatened famine as a result of floods and insect damage to crops. Shipment of $1.2 million worth of rice was authorized to Japan to replace that which Laos had received earlier for drought relief. Almost $6 million of wheat is being furnished to Libya to meet the continuing shortage of food grains in that country. About $1.3 million worth of surplus foods will be shipped to Western Germany for assistance in feeding refugees and escapees from behind the Iron Curtain.

Transfer authorizations issued under Title II from July 1, 1954, to October 31, 1956, are shown on the table on the next page.

3. Title II Amended: The Agricultural Act of 1956 approved May 28 1956, increased the Title II authority for famine relief and other assistance from $300 million to $500 million, and permits payment by CCC of ocean transportation costs for Title II shipments and Title III donations.

Public Law 962 approved August 3, 1956, permits the transfer of surplus agricultural commodities abroad for "extraordinary" relief requirements in addition to the "urgent" relief requirements presently authorized.

III. Sale of Commodities for Foreign Currencies Under the Mutual Security Act

Section 402 of the Mutual Security Act authorizes funds to be appropriated to finance the export and sale for foreign currencies of surplu agricultural commodities or products thereof produced in the United States. In close cooperation with the International Cooperation Administration transactions are initiated or promoted by the Department in the sale of surplus agricultural commodities under Section 402. A minimum of $300 million was required to be utilized during fiscal year 1956. ICA approved procurement authorizations totaling approximately $355 million worth of agricultural commodities in 1956 compared to almos $468 million in 1955, as indicated in the following table.

Commodity	Export Market Value Authorized 1955 (millions)	1956
Bread grains	$112.0	$128.8
Coarse grains	31.2	27.4
Rice	3.6	0.8
Cotton	250.3	105.4
Fats and Oils	24.0	15.6
Dairy products	12.6	25.5
Meat	1.7	5.2
Sugar	---	15.2
Fruit	114.9	---
Other	---	7.2
Ocean transportation	17.2	23.4
	$467.5	$354.5

A minimum of $250 million is required to be utilized for this purpose during fiscal year 1957.

Transfer Authorizations Issued under Title II, Public Law 480, from July 1, 1954 through October 31, 1956
(Thousand Dollars)

Area and country	Total	Bread grains	Coarse grains	Fats and Oils	Dry beans	Milk and Milk Products	Rice	Raw cotton
Europe (total)	112,356	58,756	10,245	15,378	1,601	25,587	366	423
Austria	2,155		2,155					
Czechoslovakia	1,700		1,700					
Germany:								
Federal Republic	2,737	229	686	952		362	185	323
Soviet occupied	758	236	380	81			61	
Hungary	6,158	2,126	1,888	1,741	403			
Italy	51,748	10,729	3,436	11,160	1,198	25,125		100
Yugoslavia	47,100	45,436		1,444		100	120	
Near East and Africa (total)	36,339	28,508		3,722		4,062	47	
Afghanistan	5,700	5,700						
Iran	3,000	3,000						
Libya	7,743	7,743						
Tunisia	6,500	6,500						
Turkey	13,396	5,565		3,722		4,062	47	
South Asia (total)	45,965	16,235	61	6,149		1,882	17,164	4,474
India	5,125	1,017				1,625	2,483	
Nepal	210	145	61			4		
Pakistan	40,630	15,073		6,149		253	14,681	4,474
Far East (total)	19,219	12,226				3,500	3,493	
Cambodia	2,343						2,343	
Japan	15,000	11,500				3,500		
Laos	1,150						1,150	
Vietnam	726	726						
Latin America (total)	31,397	13,824	6,094	1,491	1,217	1,469	4,774	2,528
Bolivia	17,690	10,132		1,137		391	3,502	2,528
British Honduras	276	23	25	106	47	44	31	
Costa Rica	212		37	68	51		56	
Guatemala	3,348		3,348					
Haiti	2,660	169	125	180	1,049	34	1,103	
Honduras	211		59		70		82	
Peru	7,000	3,500	2,500			1,000		
Christmas Holiday Program	16,672	2,306		5,970	1,005	4,206	3,185	
Grand Total	261,948	131,855	16,400	32,710	3,823	40,706	29,029	7,425

IV. Use of Title I Foreign Currencies by the Foreign Agricultural Service for Foreign Market Development Work

1. Legislative Authority: Title I of Public Law 480, authorizes the President to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.

Section 104(a) of the Act provides that foreign currencies accruing from the sale of surplus agricultural commodities may be used "to help develop new markets for United States agricultural commodities on a mutually benefiting basis." Responsibility for carrying out projects under this Section of the Act rests with the Foreign Agricultural Service.

2. Objective: The objective of the projects conducted with foreign currencies is the promotion of new foreign markets and the expansion of present foreign markets for United States agricultural commodities. To the extent practicable, the Foreign Agricultural Service will enter into agreements with trade groups, both U.S. and foreign, for the operation of these projects. However, this will be done only if the trade group will make a financial contribution. If the trade group is unable or unwilling to operate the project, it may be operated directly by the Foreign Agricultural Service.

3. Types of Projects: A wide variety of market development projects is underway or planned with emphasis on the following:

a. Market Surveys -- This type of project is designed to determine potential demand for specific agricultural commodities and how this demand may be developed and supplied.

b. Nutrition Education -- These activities improve the health and welfare of people abroad and at the same time expand the market for agricultural commodities that can be supplied by the United States.

c. Two-way Visits -- Visits by foreigners to the United States and visits of United States citizens to foreign countries improve international trade relations. The exchange of ideas and information in this manner is expected to result in greater consumption of United States agricultural commodities.

d. Advertising and Sales Techniques -- United States advertising and sales techniques are being used abroad with appropriate variations to meet local conditions.

e. Trade Fairs and Exhibits -- Market-development projects are also conducted through participation in international trade and food fairs. The United States participates in two kinds of fairs: One is the diversified fair of a largely industrial

type; the other is the food fair, which is devoted exclusively to food items. Exhibits are planned where the greatest number of potential buyers of agricultural products are expected to congregate.

4. Foreign Currencies Available: Through October 31, 1956, foreign currencies, equivalent to approximately $27.35 million were provided for market development activities in agreements signed with 29 countries.

The following table shows by country the dollar equivalent of the amounts of foreign currencies tentatively estimated to be available, the 1956 obligations, the estimated obligations for 1957 and the estimated amount available for future years.

Country	Estimated Amt. Available for Market Development	Obligations 1956 (Adjusted)	Estimated Obligations 1957	Est. Available in Future Years
Argentina	500,000		200,000	300,000
Austria	700,000	18,460	681,540	
Brazil	700,000		700,000	
Burma	500,000		250,000	250,000
Chile	800,000		500,000	300,000
China	300,000			300,000
Colombia	788,000	133,977	413,025	240,998
Ecuador	200,000		200,000	
Egypt	1,000,000		300,000	700,000
Finland	500,000		241,538	258,462
France	600,000	48,071	536,928	15,001
Germany	1,100,000		1,059,525	40,475
Greece	800,000	39,997	460,003	300,000
India	4,000,000			4,000,000
Indonesia	1,000,000		500,000	500,000
Iran	200,000		200,000	
Israel	400,000		300,000	100,000
Italy	2,700,000	233,270	1,967,730	499,000
Japan	3,300,000	789,630	2,014,814	495,556
Korea	500,000		400,000	100,000
Netherlands	250,000		247,500	2,500
Pakistan	1,100,000		600,000	500,000
Paraguay	200,000		200,000	
Peru	700,000		700,000	
Portugal	300,000			300,000
Spain	3,000,000	191,870	808,130	2,000,000
Thailand	212,000	8,000	203,127	873
Turkey	700,000		700,000	
Yugoslavia	300,000	19,260	130,740	150,000
	27,350,000	1,482,535	14,514,600	11,352,865
Adjustment due to changes in exchange rates to permit conversion to dollar equivalent.		(-) 56,639		
		1,425,896		

Obligations by commodity group are as follows:

Commodity	FY 1956
Cotton	$ 83,689
Dairy & Poultry	7,625
Fruit & Vegetable	---
Grain & Feed	411,800
Tobacco	180,700
Fats & Oils	77,625
Meat & Livestock	---
Trade Fairs	719,820
Admin. Expenses	1,276
	1,432,535
Adjustment: due to changes in exchange rates to permit conversion to dollar equivalent.	(-) 56,639
	1,425,896

5. Projects Started in 1956: During the fiscal year 1956 the Foreign Agricultural Service entered into over-all program agreements for the development of foreign markets for several different American agricultural commodities. This was the first full year for the operation of the market development program with foreign currencies.

During the year program agreements were signed with the Tobacco Associates Inc., the American Soybean Association, the Oregon Wheat Growers' League Inc., The Miller's National Federation, the Dairy Industries Society International, the National Cotton Council of America, the National Renderers Association, and the Institute of American Poultry Industries. These different cooperators are responsible under the agreements for the operation of projects in foreign countries to expand the markets for U. S. agricultural commodities. Following are examples of some of the projects which were started in the fiscal year 1956:

a. Tobacco - A contract was signed with the U.S. tobacco trade which provides for an extensive promotional program for tobacco on a cooperative basis during the next two years. Three such projects are already under way: (1) Thailand Tobacco Monopoly officials are visiting in the U. S. to learn more about storage, processing and distribution of U.S. tobacco and tobacco products; (2) an extensive promotional project is under way in Japan which provides for advertising tobacco products containing U. S. tobacco; and (3) the field work on a market analysis survey conducted in Spain by two agricultural economists from the University of Kentucky has been completed. It is expected that similar projects will be undertaken in the near future in a number of countries where local currency is available and there are prospects for increasing the sale of U. S. tobacco.

b. Soybeans - A soybean market development project has been undertaken in Japan whereby the various soybean trade interests in Japan and the American Soybean Association have established the Japanese-American Soybean Institute. This Institute will foster closer relationships between the soybean trade in the two countries, exchange technological know-how to encourage use of U. S. soybeans in food and other products, develop a closer relationship between Japanese and U. S. methods of handling, sampling and grading, establish mutual understandings as to trading practices and methods, and disseminate appropriate educational and promotional material in Japan. The Institute will send 5 Japanese trade representatives to the United States in August 1956. They will spend a month in discussions with the U. S. trade, and in observing U. S. practices in harvesting, storing, shipping, and sampling and grading soybeans.

c. Cotton - During the fiscal year 1956 an agreement was worked out with the National Cotton Council of America to develop and conduct cotton market research and sales promotion programs in Western Europe and in the Far East. Thus far, promotional programs have been developed by the Council with the French and Japanese cotton industries and put into operation. The purpose of these projects is to promote new and expanded uses of cotton products through research, public relations, advertising and sales promotion programs similar to those the National Cotton Council has been conducting successfully in the United States for a number of years. The projects in France and Japan are joint undertakings of the National Cotton Council and cotton textile industries in those countries.

d. Poultry - A market development program for poultry was conducted in connection with the International Food Fair in Barcelona and the Supermarket Exhibit in Rome. In both instances, groups of importers, wholesalers, retailers, producers and hotel and restaurant people were invited for special exhibits of poultry products where problems peculiar to each group were discussed with them. In both cities a luncheon was held for all of these groups where the merits of American poultry products were pointed out. These exhibits and luncheons uncovered considerable interest in both Spain and Italy in American poultry products. This interest is particularly great in Italy. In both countries, plans are under way for further market development work during the ensuing fiscal year.

e. Grain and Grain Products - A contract was signed with the Oregon Wheat Growers' League which provides for a promotional campaign in friendly countries throughout the world during the next three years to expand the markets for U. S. grain and grain products. A sizeable project is already under way in Japan. The project is designed to increase consumer demand for wheat products through nutrition demonstrations among consumers, education of community leaders, and the training of Japanese food specialists and bread bakers in the proper preparation and use of wheat products.

f. Chart No. I shows some of the ways in which market development is carried out through the use of foreign currencies derived from P.L. 480 sales.

6. Projects Planned for 1957: There are a number of additional projects now in the planning stage that will be started in fiscal year 1957. These projects include but are not limited to the following commodities and will be operated along the lines similar to those in operation during 1956:

a. Cotton - These projects will be operated to promote new and expanded uses of cotton through a coordinated program of market research, sales promotion and consumer information. The projects will be developed and supervised by the National Cotton Council. Projects will be undertaken in Austria, Chile, Colombia, Finland, Italy, Spain and Yugoslavia.

b. Dairy and Poultry - Under these projects efforts will be made to increase the per capita consumption of dairy and poultry products through demonstrations, advertising, public relations, and sales and market promotion programs. These projects will be developed and supervised by Dairy Industries Society International and the Institute of American Poultry Industries. It is expected that projects will be operated in Chile, Colombia, Israel, Italy, Japan, Korea, Pakistan, Peru, Spain, Thailand, Turkey and Yugoslavia.

c. Fruits and Vegetables - Projects will be carried out to increase the consumption of fresh and processed fruits and vegetables in Argentina, Finland, France and Peru.

d. Grain and Feed - Projects will be undertaken to expand markets for the different kinds of grains for both human and animal consumption. These projects will be carried on through the use of advertising, demonstrations and promotional campaigns. The projects will be developed and supervised by the Oregon Wheat Growers' League Inc., and the Miller's National Federation. Projects are expected to be carried out in Argentina, Chile, Colombia, France, Greece, Italy, Korea, Pakistan, Peru, Spain, Thailand and Turkey.

e. Tobacco - These projects involve studies of the factors effecting demand for United States tobacco. They will also provide for visits of tobacco officials of foreign countries to the United States to study American marketing and production methods. Promotional campaigns to expand the use of American tobacco products will be undertaken. These projects will be developed and supervised by the Tobacco Associates Inc. Projects will be undertaken in Austria, Finland, France, Italy, Japan, Korea, Pakistan, Peru, Spain and Thailand.

Foreign currencies from P. L. 480 finance market development

MARKET SURVEY

SPAIN: DETERMINING CONSUMER PREFERENCE FOR U. S. CIGARETTES

INTERNATIONAL TRADE FAIRS

JUNE 1956: ROME SUPERMARKET SHOWS U. S. FOOD RETAIL METHODS TO EUROPEANS

FOREIGN VISITORS

FINNISH TOBACCO BUYER COMES TO U. S.

SPECIFIC PROJECTS PAID FOR IN FOREIGN CURRENCIES

NUTRITION EDUCATION ABROAD

COLOMBIA: TEACHING USE OF U. S. WHEAT

ADVERTISING TECHNIQUES ABROAD

FRENCH MODEL WEARS GOWN MADE OF U. S. COTTON

USDA FAS 1072

CHART NO. 1

f. Fats and Oils - Market surveys will be conducted under these projects to determine consumer preference for U. S. vegetable oils. Promotional campaigns will be put on to expand the markets for the uses of vegetable oil, cottonseed oil and soybean oil. These projects will be under the supervision of the American Soybean Association and are being planned for operation in France, Greece, Israel, Italy, Pakistan, Peru, Spain, Turkey and Yugoslavia.

g. Meat and Livestock Products - Through the use of advertising and other market promotion material, projects will be operated to acquaint the consumers with the high quality nutritional value and price advantages of U. S. lard. It is expected that these projects will be operated in Chile, Greece, Korea, Peru, Spain and Yugoslavia.

7. Market-Promotion Exhibits at International Trade Fairs - FAS sponsored four major agricultural market-promotion exhibits overseas, all of them designed to acquaint potential customers abroad with the availability, quality and uses of United States agricultural commodities. The exhibits were held largely in connection with important international trade fairs where the exhibits met with great concentrations of buyers and sellers from many parts of the world. A major attraction in each of the exhibits was the distribution of samples of United States food products derived chiefly from surplus stocks of commodities held by the Commodity Credit Corporation. All of the exhibits were held in cooperation with various segments of the United States food trade, with the trade providing exhibit materials and technical personnel as contributions to this cooperative effort. The Government organizes and manages the exhibits; rents the space; provides for the design, construction, and operation of the exhibits; ships necessary exhibit material; and provides travel and per diem for industrial technicians and commodity specialists participating in the joint effort.

Many of the trade fairs will be operated under the agreement between the Department of Agriculture and the Department of Commerce through which both Departments exhibit their respective products. The joint payment of the total costs of the fairs by Commerce in dollars and Agriculture in foreign currencies makes it possible to participate in more fairs throughout the world.

The following are fairs in which the Department participated during the fiscal year 1956:

a. Bogota, Colombia, November 25-December 11, 1955: Major exhibits at this International Trade Fair featured cotton, dairy, and grain products. A style show featured cotton dresses made by Colombian manufacturers from U. S. cotton and starred the U. S. Maid of Cotton. Complete equipment for recombining milk was on display and demonstrations were held with samples of recombined milk and ice cream distributed to fair visitors. More than 110,000 sample loaves of bread

baked by Bogota bakeries from U. S. Wheat flour were also distributed to the public. 1,000,000 people visited the exhibit.

b. Osaka, Japan, April 8-22, 1956: Major exhibits at this International Trade Fair involved dairy, wheat, cotton, tobacco, rice and soybean products. Samples of cheese, recombined milk and ice cream were distributed with the assistance of the U. S. Dairy Princess. The role which U. S. grains can play in the daily diet of the Japanese people was demonstrated and samples of various baked goods made from U. S. flour were distributed. The quality and various types of U. S. soybeans were demonstrated. And cigarettes, using American tobacco, were manufactured on the scene and distributed as samples. Attendance at this exhibit also reached the figure of 1,000,000.

c. Barcelona, Spain, June 1-20, 1956: Feature commodities exhibited at this International Trade Fair included dairy, cotton, tobacco, meat, poultry, and wheat products. The recombined milk demonstration was displayed once again with samples of cheese, recombined milk and ice cream distributed to the general public. A continuous style show featuring European models and the U. S. Maid of Cotton promoted the uses of U. S. cotton goods. Machines manufactured and packaged cigarettes made of U. S. tobacco with distribution of samples to the public. U. S. lard, meat, and poultry products were displayed in refrigerated cases. And doughnut machines, using U. S. wheat flour mix, operated before the public with the production distributed as samples. Attendance once again topped the 1,000,000-figure.

d. Rome, Italy, June 18-30, 1956: A full-scaled U. S. supermarket, completely equipped and stocked with more than 2,500 lines of goods, was displayed in connection with meetings in Rome of the III International Congress on Food Distribution and of the International Food Chain Association. The exhibit was designed primarily to acquaint approximately 2,500 food distribution executives from 25 countries with modern U. S. food-marketing methods and with the quality and attractiveness of U. S. agricultural products available on the world market. Attendance at this exhibit, including the public, reached 400,000.

8. Fairs Held or Planned for Fiscal Year 1957:

a. British Food Fair, London, England - August 20-September 15, 1956. - The U. S. exhibit featured meat and lard, poultry, dairy, grain, and fruit products. Samples distributed included American frankfurters, doughnuts, orange juice, cheese and dry milk. The U. S. exhibit occupying 10,000 square feet was the largest in the fair. Total fair attendance exceeded 500,000, most of whom visited the U. S. section.

b. International Trade Fair, Salonica, Greece - September 2-23, 1956. - The agricultural portion of the U. S. exhibit consisted of a display and demonstration of doughnut making and a milk recombining unit consisting of a homogenizer, pasteurizer and cooling units. Samples of recombined milk, ice cream, and American-type cheddar cheese were distributed.

c. International Trade Fair, Zagreb, Yugoslavia - September 7-20, 1956. - The U. S. exhibit included American dairy equipment of late design operated by attendants who distributed samples of recombined milk, ice cream and cheese. The fair drew an attendance of 500,000 people, of whom more than 90 per cent visited the American pavilion. At the close of the fair the U. S. dairy equipment was purchased by the Zagreb dairy and duplicate orders were placed with American firms for the dairy at Belgrade.

d. International Autumn Fair, Vienna, Austria,- September 9-16, 1956. - The agricultural section of the U. S. exhibit included a cotton fabric and fashion show, the demonstration of cake mixes and sampling of orange juice. There were 367,337 visitors to the U. S. exhibit out of a total fair attendance estimated at 600,000.

e. III International Fair and Exposition, Bogota, Colombia - November 25-December 9, 1956. - Consisted of an exhibit of grain products with small loaves of bread and other baked products from American flour being distributed as samples.

f. International Trade Fair, Bangkok, Thailand - December 7-22, 1956. - Exhibits of recombined milk and ice cream were included Trade Fairs in which FAS may participate include:

Petropolis, Brazil - January 1957
Milan, Italy - April 1957
Tokyo, Japan - May 1957
Barcelona, Spain - June 1957

g. Chart No. 2 shows some of the U. S. farm products which were displayed at the International Trade Fairs.

U. S. farm products shown to world at international trade fairs in 1955-56

COLOGNE, GERMANY

U. S. PRODUCTS FEATURED:

- MEATS
- TOBACCO
- FRUITS
- NUTS
- VEGETABLES
- BEVERAGE CONCENTRATES
- HONEY

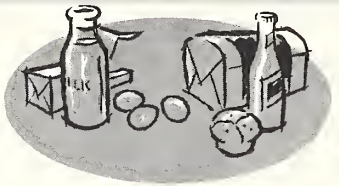
ATTENDANCE 300,000

BOGOTA, COLOMBIA

- COTTON FABRICS
- DAIRY PRODUCTS
- GRAIN PRODUCTS

ATTENDANCE 1,000,000

CIUDAD TRUJILLO, DOMINICAN REPUBLIC



- DAIRY PRODUCTS
- GRAIN PRODUCTS

ATTENDANCE 184,000

OSAKA, JAPAN

U. S. PRODUCTS FEATURED:

- TOBACCO
- DAIRY PRODUCTS
- SOYBEANS
- COTTON
- GRAIN PRODUCTS

ATTENDANCE 1,000,000

TRADE FAIRS: A NEW AND HIGHLY SUCCESSFUL MARKET PROMOTION ACTIVITY FOR U. S. FARM PRODUCTS ABROAD

MILLIONS OF SAMPLES OF U. S. MILK, BREAD, CHEESE, PASTRIES, CIGARETTES, AND OTHER PRODUCTS OF OUR FARMS AND FACTORIES WERE VIEWED AND TASTED BY MORE THAN 3½ MILLION FAIR VISITORS.

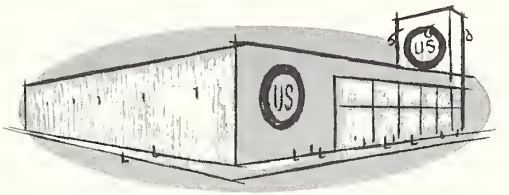
BARCELONA, SPAIN

U. S. PRODUCTS FEATURED:

- DAIRY PRODUCTS
- COTTON
- GRAIN PRODUCTS
- TOBACCO
- MEAT AND POULTRY PRODUCTS

ATTENDANCE 700,000

ROME, ITALY SUPERMARKET



U. S. PRODUCTS FEATURED:

THIS REPLICA OF A U. S. SUPERMARKET DISPLAYED ABOUT 5,000 FOOD AND CONSUMER ITEMS.

ATTENDANCE 400,000

USDA FAS 1073

CHART NO. 2

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allotment from:			
Removal of Surplus Agricultural Commodities:			
For development of foreign market outlets for surplus American agricultural commodities	$1,356,812	$1,707,300	$1,871,000
For the administration of import controls under Section 22 of the Agricultural Adjustment Act, as amended	202,273	210,500	223,000
Total, Allotment	1,559,085	1,917,800	2,094,000
Agricultural Trade Development and Assistance Act of 1954:			
Foreign currencies allocated for foreign market development work (See item: "Activities under Public Law 480" in these Explanatory Notes)	1,425,896	14,514,600	11,352,865
Allocations and Working Funds (Advances from other agencies):			
Department of the Army:			
For conducting a training program in agriculture for Ryukyuan Nationals	3,160	- -	- -
Department of State:			
Training one specialist from Trinidad in the field of soil and water conservation	1,380	- -	- -
International Cooperation Administration:			
For technical assistance to friendly nations	89,295	113,975	- -
For expenses incident to the Foreign Trainee Program	2,648,983	2,703,000	- -
Total, International Cooperation Administration	2,738,278	2,816,975	- -

(Continued on next page)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Total, Allocations and Working Funds	2,742,818	2,816,975	- -
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	104,736	111,000	117,500
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	5,832,535	19,360,375	13,564,365

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the Act are: To prevent commodity price manipulation and cornering the market; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic Act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act", and its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the Act; fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the Act of October 9, 1940; wool was added by enactment of Public Law 690 of August 28, 1954; and onions were added by enactment of Public Law 174 of July 26, 1955.

These functions carried out under the Act are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1956, the Commodity Exchange Authority had 129 employees, 40 of whom were stationed in Washington, D. C. and 89 in the field offices.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$787,400	$832,000

Salaries and Expenses

Appropriation Act, 1957 and base for 1958	$787,400
Budget Estimate, 1958	832,000
Increase (For contribution to the retirement fund pursuant to P. L. 854)	+44,600

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	1958 (estimated)
1. Licensing	$51,567	$49,500	+$2,800	$52,300
2. Supervision of futures trading	441,434	424,500	+23,600	448,100
3. Audits	163,256	169,400	+9,900	179,300
4. Investigations	117,730	144,000	+8,300	152,300
Unobligated balance	1,013	- -	- -	- -
Total retirement costs (P.L. 854)	- -	- -	[+44,600]	[44,600]
Total appropriation or estimate	775,000	787,400	+44,600(1)	832,000

INCREASE

(1) An increase of $44,600 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Objective and Functions: Enforcement of the Commodity Exchange Act requires supervision over 17 commodity exchanges designated as contract markets. Enforcement is a continuous process involving the following functions:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.

2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) establishment, enforcement, and review of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.

3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants; and (b) analysis of brokers' financial statements.

4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

Recent developments:

Supervision of futures trading during the year ended June 30, 1956, involved 23 commodities, compared with 20 in the previous year. The increased number of commodities reflected the beginning of supervision of futures trading in onions, and resumption during the year of futures trading in barley and middlings, in which trading was inactive during the previous year.

Regulation of futures trading in onions became effective September 24, 1955, following an amendment to the Commodity Exchange Act, approved July 26, 1955. The Chicago Mercantile Exchange and the New York Mercantile Exchange were designated as contract markets for onions, effective September 24, 1955. The enforcement program was further activated by amending the regulations under the act, including provision for required reports by brokers and large traders in onion futures, and audits of books and records of futures commission merchants pertaining to onion futures accounts. The first market-wide onion survey was made as of September 30, 1955. It provided information on the positions of all traders in onion futures on the Chicago Mercantile Exchange and the New York Mercantile Exchange. The basic data thus obtained will serve as a bench-mark for subsequent regulatory work in the onion market.

During the year basic information on the development, extent, and character of onion futures trading was brought together and compiled by the CEA to implement the regulation of trading in onions and for presentation as evidence in hearings before the Commodity Exchange Commission on the establishment of speculative limits for that commodity. Much of this basic data was assembled in a 60-page handbook which was presented in hearings before the Commission on April 10, 1956, made available to producer and trade groups, and in hearings in May 1956 before the Special Subcommittee on Futures Trading in Perishable Commodities of the House Agriculture Committee. In July 1956, the Commodity Exchange Commission established speculative limits on onions, effective September 1, 1956.

During the past fiscal year encouraging results were accomplished by conferences with governing boards of contract markets looking toward cooperative action in preventing undesirable trade practices. Meetings were held during the year with the responsible officials of four of the commodity exchanges on which instances of noncompetitive execution of orders and other potentially abusive practices had been observed. The reaction of the exchanges to this approach was highly favorable and indicated appreciation of being given opportunity to correct conditions which might otherwise lead to formal administrative proceedings. Results attained by maintenance of close contact with the exchanges justify emphasis on this phase of the CEA program in the continuing effort toward maximum results per dollar spent.

Selected Examples of Recent Progress:

Market Regulations Reviewed; Floor Brokers Registered at All Time High: During the fiscal year 1956 the Commodity Exchange Authority supervised futures trading on the commodity exchanges designated as contract markets under the Commodity Exchange Act. The 17 commodity exchanges, currently designated as contract markets, and the 23 commodities in which futures trading was conducted are listed below:

Market	Regulated Commodity
Chicago Board of Trade	Wheat, corn, oats, rye, soybeans, lard, cotton, cottonseed oil, soybean oil, grain sorghums, soybean meal.
Chicago Mercantile Exchange	Butter, eggs, potatoes, onions.
Chicago Open Board of Trade	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade	(No trading in 1955-56)
Kansas City Board of Trade	Wheat, corn, bran, shorts, middlings, grain sorghums.
Memphis Board of Trade Clearing Association	Cottonseed meal, soybean meal, soybeans.
Milwaukee Grain Exchange	Wheat, corn, oats, rye.
Minneapolis Grain Exchange	Wheat, oats, rye, barley, soybeans, flaxseed.
New Orleans Cotton Exchange	Cotton.

Market	Regulated Commodity
New York Cotton Exchange	Cotton.
New York Mercantile Exchange	Potatoes, onions.
New York Produce Exchange	Cottonseed oil, soybean oil.
Portland Grain Exchange	(No trading in 1955-56)
St. Louis Merchants' Exchange	(No trading in 1955-56)
San Francisco Grain Exchange	(No trading in 1955-56)
Seattle Grain Exchange	Wheat.
Wool Associates of the New York Cotton Exchange	Wool, wool tops.

There were 595 futures commission merchants registered, compared with 620 during the previous year. The number of floor brokers registered was 889, which was greater than in any previous year. As of June 30, 1956, registered futures commission merchants maintained 1,932 principal and branch offices, and had agents in 289 other offices handling orders for the purchase or sale of commodities for future delivery. The comparable figures a year earlier were 1,886 offices maintained by registrants and 291 agents' offices.

Futures Trading Data:

Futures transactions increase. Trading in regulated commodities, as measured by the number of transactions (purchases plus sales in terms of contract units), showed an increase of 8.9 percent during the year. Total transactions were estimated at 9,130,000 in 1956, compared with 8,385,000 in 1955, and with an average of 7,684,000 for the 10-year period, 1946 through 1955.

Value of trading. The value of futures trading in regulated commodities was estimated at $40,093,600,000 in the 1956 fiscal year, an increase of 3.2 percent over the estimated value of $38,837,200,000 for 1955.

Volume of trading greater in grains, and fats and oils; smaller in cotton. Activity in the grain futures markets, and in fat and oil futures, increased in 1956, and was at record levels in soybeans, soybean oil, soybean meal, and eggs. Futures trading in cotton, wool, and wool tops declined.

Futures trading in all grains on all markets amounted to 13.8 billion bushels, compared with 12.7 billions in 1955, an increase of 8.2 percent. Activity in soybeans totalled 5,541,841,000 bushels, which was a larger volume than in any previous fiscal year. Wheat futures trading on all markets amounted to approximately 4.2 billion bushels, or 5.3 percent above the previous year. Trading in corn totalled 2.8 billion bushels, up 24.8 percent.

Cotton futures trading declined to the lowest level in 10 years. The volume on all markets amounted to 39,594,000 bales in 1956, compared with 50,395,000 bales in 1955.

Trading in soybean oil, amounting to approximately 8.2 billion pounds, compared with 4.3 billions in 1955, was the largest on record. Cottonseed oil trading exceeded 3.4 billion pounds, more than 4 times the 1955 total.

Trading in egg futures set a new alltime record for the third consecutive year, 425,900 carlots being traded in 1956, compared with 258,507 carlots in 1955.

Futures trading in potatoes and onions declined from the record levels reached in 1955.

Volume of futures trading on all contract markets combined, by commodities, fiscal years ended June 30, 1955 and June 30, 1956

Commodity	Unit	1955	1956	Percent of increase or decrease
Wheat	1,000 bushels	3,969,072	4,180,556	+ 5.3
Corn	do.	2,213,472	2,762,007	+ 24.8
Oats	do.	757,619	687,325	- 9.3
Rye	do.	815,407	574,098	- 29.6
Barley	do.	0	25	---
Flaxseed	do.	7,361	11,108	+ 50.9
Soybeans	do.	4,952,249	5,541,841	+ 11.9
Grain sorghums	Million pounds	103	19	- 81.6
Cotton	1,000 bales	50,395	39,594	- 21.4
Wool	1,000 pounds	98,652	54,834	- 44.4
Wool tops	do.	119,655	86,220	- 27.9
Butter	Carlots	97	73	- 24.7
Eggs	do.	258,507	425,900	+ 64.8
Potatoes	do.	197,186	126,339	- 35.9
Onions	do.	164,207	126,795	- 22.8
Cottonseed oil	1,000 pounds	825,180	3,451,860	+ 318.3
Soybean oil	do.	4,318,500	8,185,200	+ 89.5
Lard	do.	2,027,320	1,974,720	- 2.6
Bran	Tons	102,600	32,970	- 67.9
Shorts	do.	97,560	15,990	- 83.6
Middlings	do.	---	10,570	---
Cottonseed meal	do.	217,400	246,600	+ 13.4
Soybean meal	do.	5,741,300	6,663,000	+ 16.1

Larger number of broker and trader reports received. An estimated 588,845 daily and weekly reports of commodity brokers and large traders were received, processed, and analyzed during the year. This represented an increase of 6 percent, compared with the 555,776 reports received in 1955. Reports in 1956 from brokers relating to daily volume of trading and open contracts numbered 272,234, and reports relating to the transactions and positions of individual large traders, 316,611.

Increased number of delivery notices. In 1956 the number of copies of delivery notices submitted by exchange clearing members was 34,358, compared with 27,735 in 1955, an increase of 23.9 percent.

Enforcement of speculative limits. Careful surveillance of broker and trader reports and other checks were maintained during the year in the enforcement of speculative limits established by the Commodity Exchange Commission applicable to large traders in grains, soybeans, cotton, and eggs. Surveillance disclosed 36 instances in which traders exceeded speculative limits, compared with 17 instances in 1955. During 1956 there was one instance of exceeding the speculative position limit in wheat, one in soybeans, and 3 in rye. In eggs there were 31 instances of exceeding speculative limits, of which 15 involved position limits, and 16 the daily trading limit. In all instances, the deviations were handled by administrative action.

Special position surveys in onion and potato markets. A special survey of the positions of all traders in the Chicago and New York onion futures markets was made as of September 30, 1955, and another such survey of the Chicago market as of May 31, 1956. Special surveys were also made of the positions of all traders in potatoes on the New York Mercantile Exchange as of October 31, 1955, and June 29, 1956. Published reports on these surveys have been issued or are in process.

Publications prepared. A significant publication during the year was the 200-page report entitled "Futures Trading in Potatoes, 1954-55," covering extensive investigation and analysis of potato futures trading on the New York Mercantile Exchange. The publication presents basic information and statistical data on the general character of the potato futures market and provides factual background material for regulatory work in this commodity.

Other publications prepared during the year included:

Potato Futures, A Survey of Open Contracts on the New York Mercantile Exchange, October 31, 1955

Onion Futures, A Survey of Open Contracts on the Chicago Mercantile Exchange, September 30, 1955

Commodity Futures Statistics, July 1954 - June 1955

Recent Developments in Futures Trading Under the Commodity Exchange Act. Agricultural Information Bulletin No. 155

Periodical statistical reports, the publication of which was continued during the year, included:

Daily reports issued by Commodity Exchange Authority Field offices on volume of trading and open contracts in regulated commodities on principal markets

Weekly report on sales of cotton "on call"

Monthly statistical reports: Trade in Grain Futures, Trade in Cotton Futures, Commitments of Large Traders in Cotton Futures

Audits of Commission Merchants' Accounts. During the year 635 audits of futures commission merchants were made. These audits covered the accounts of 27,889 customers who had to their credit $100,261,797.55 in funds required to be segregated from the funds of the futures commission merchants. The average number of accounts per audit was 43.9. The average amount to the credit of each customer was $3,595.03. In addition to the 635 audits of customers' funds, 3 special audits were made involving a determination of correct reporting procedure and other problems.

In the course of the 635 audits, 327 deviations from the law or regulations were discovered. In most cases corrective measures were taken when the deviations were brought to the attention of the brokerage houses. The remainder are under further investigation. In addition to the 327 deviations of registrants, 3 organizations were found to be acting as futures commission merchants without having been registered. During the year 596 futures commission merchants' financial statements were analyzed.

Compliance Investigations Data. A substantial increase in the number of investigations made marked the past fiscal year. Administrative complaints issued during the year totaled four, three of which charged manipulation of futures prices.

Manipulation of Onion and Wheat Markets. Apparent manipulation of the November 1955 onion future on the Chicago Mercantile Exchange caused a very extensive investigation which extended to all futures through March 1956. Investigation resulted in issuance of a complaint against two individuals and one corporation alleging manipulation of the price of onion futures and cash onions.

Complaints of market manipulation in wheat futures in Kansas City incident to the purchase of CCC wheat, led to an investigation which resulted in issuance of a complaint charging a large grain firm with manipulation of Kansas City wheat futures on two occasions in 1955.

Administrative complaint proceedings finally concluded during the year totaled six and resulted in the denial of respondents' trading privileges for varying periods.

The small backlog of 11 cases remaining at the year-end is in line with recent years and is particularly gratifying in view of the larger number of investigations made this year, and the added burden of onion trading supervision which began during the year.

Major activities of the Commodity Exchange Authority

	Actual		Estimated	
	1955	1956	1957	1958
I. Licensing:				
Futures commission merchants registered	620	595	610	610
Floor brokers registered	883	889	910	910
II. Supervision:				
Markets and commodities:				
Exchanges	17	17	17	17
Commodities	20	23	24	24
Markets (6 wheat markets, 3 cotton markets, etc.)	43	48	49	49
Reports tabulated and analyzed:				
Daily trading volume and open contracts	257,211	272,234	275,000	275,000
Daily and weekly reports on large traders	298,565	316,611	320,000	320,000
Delivery notices	27,735	34,358	30,000	30,000
Special calls and surveys	3	4	7	4
Accounts covered	4,472	2,271	6,000	5,000
General activities, including observance of trading, contact with exchange officials, establishment, review and enforcement of speculative limits, quotations service, price compilations, and review of market letters	x/	x/	x/	x/
III. Audits:				
Audits of customers' segregated funds	577	635	700	700
Accounts examined	31,281	27,889	34,000	34,000
Financial statements	617	596	610	610
IV. Investigations:				
Compliance investigations completed	30	44	45	50
Trade practice surveys completed	4	5	5	6
Number of transactions examined	2,638	62,602	50,000	60,000
Criminal prosecutions	0	0	1	2
Administrative proceedings	7	4	4	4

x/ No measure of workload available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 and 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and Expenses:			
For refund of lump-sum payment of annual leave	$274	- -	- -
For sale of equipment	286	- -	- -
Total	560	- -	- -

SOIL BANK PROGRAM

Purpose Statement

The Soil Bank Act (Title I of the Agricultural Act of 1956, Public Law 540, approved May 28, 1956) authorized programs to assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest and wildlife conservation. The activities are supplementary to the acreage allotments and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, and together with such programs, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce. Under the Soil Bank Act, there are two major programs, the Acreage Reserve Program and the Conservation Reserve Program, in which farmers may participate.

1. Acreage Reserve - This program is effective for 4 crop years from 1956 through 1959. Producers are compensated for reducing their acreages for commodities below farm acreage allotments or base acreages, whichever is applicable. Commodities affected are wheat, corn, cotton, rice, most types of tobacco, and peanuts. The total compensation paid producers for participating in this program with respect to any year's crops may not exceed $750,000,000. The Acreage Reserve goal for 1957 is 20 to 25 million acres.

Producers are compensated, based on the normal yield of the land designated, for participating in the program through the issuance of negotiable certificates which the Commodity Credit Corporation redeems in cash or, in the case of certificates issued with respect to grains, in grains (at the option of the farmer) at a price that will not materially impair the market price for such grain and will encourage acceptance of grains in lieu of cash.

2. Conservation Reserve - This program is effective for 5 calendar years from 1956 through 1960. The objective for the 1957 crop year is to encourage the shift of 20 million acres of cropland into grass, trees, water storage or other long-range conservation uses. Producers enter into contracts with the Secretary for periods of from 3 to 15 years. In return for removing designated cropland from production and establishing long-range conservation practices, the producer receives cost-sharing assistance for establishment of the practice, and an annual rental payment for the duration of the contract. The Secretary may not enter into contracts with producers which would require payments to producers in excess of $450,000,000 in any calendar year.

Producers participating in the program receive up to 80 percent of the cost of establishing permanent conservation practices on the land and an additional annual rental for the land placed in the reserve. The annual payment, of about $10 an acre nationally, is based on the value of the land for producing crops, land rent rates in the locality, and necessary

incentive to encourage participation. The payments are made by negotiable sight drafts which are redeemed by the Commodity Credit Corporation.

	Estimated Available, 1957 a/	Budget Estimate, 1958
Appropriated funds:		
Acreage Reserve Program	$397,651,220	$701,173,340
Conservation Reserve Program.....	54,342,780	267,562,660
Contingency.....	-	31,264,000 b/
Total appropriated	451,994,000	1,000,000,000

a/ Financed from Commodity Credit Corporation funds under the provisions of Section 120, Agricultural Act of 1956.

b/ To provide for possible adjustment in participation or timing of payments in the fiscal year 1958.

SOIL BANK PROGRAM

CCC Advances, 1957 and base for 1958	a/	$451,994,000
Budget Estimate, 1958		1,000,000,000
Increase		+548,006,000

a/ Represents estimated advances in 1957 from Commodity Credit Corporation funds, for which reimbursement will be subsequently requested by means of an appropriation to repay CCC. Therefore, this estimate is an increase of $1,000,000,000 on an appropriation basis, but an increase of $548,006,000 in estimated fund requirements.

SUMMARY OF INCREASES, 1958

Increase for Acreage Reserve program	+303,401,205
Increase in Conservation Reserve program	+244,343,650
For contribution to Retirement Fund pursuant to P.L. 854	+261,145

PROJECT STATEMENT
(On basis of Estimated Requirements)

Project	1956	1957 (Estimated)	Increase or Decrease: Retirement Cost (PL 854)	Increase or Decrease: Other	1958 (Estimated)
1. Acreage Reserve Program	$3,602,197	$ 397,651,220	$+120,915	$+303,401,205 (1)	$ 701,173,340
2. Conservation Reserve Program.	156,336	54,342,780	+140,230	+213,079,650 (2)	267,562,660
3. Contingency ...				31,264,000	a/ 31,264,000
Total retirement cost (P.L. 854)..	--	--	(+261,145) (3)	(+173,745)	[434,890]
Total	3,758,533	451,994,000	+261,145	+547,744,855	1,000,000,000
Transfer from Commodity Credit Corporation	3,758,533	451,994,000	—	—	—
Total appropriation or estimate.			+261,145	+547,744,855	1,000,000,000

a/ To provide for possible adjustment in participation or timing of payments in the fiscal year 1958.

The following table outlines the estimated financial requirements of the 1956, 1957, and 1958 Soil Bank Programs, and shows the distribution of these requirements by fiscal years.

Estimated Requirements, Soil Bank Program
1956, 1957, 1958 and 1959 Programs

Type of Employment	FISCAL YEAR			
	1956	1957	1958	1959
Acreage Reserve:				payments for
1956 Program payments		253,000,000		prior years
1957 Program payments		100,000,000	530,000,000	programs
1958 Program payments			125,000,000	625,000,000
Subtotal, Acreage Reserve program payments		353,000,000	655,000,000	625,000,000
Operating expenses:				
National & ASC State Offices.	392,984	3,336,000	4,481,000	
ASC County Offices	3,209,213	41,264,000	41,592,000	
Total, CSS	3,602,197	44,600,000	46,073,000	
Office of the General Counsel		40,500	87,500	
Office of Information		10,720	12,840	
Total, operating expenses ..	3,602,197	44,651,220	46,173,340	
Total, Acreage Reserve	3,602,197	397,651,220	701,173,340	
Conservation Reserve:				
1956 Program payments:				
Practice including CMS		1,000,000		
Annual (rental).....		13,000,000	13,000,000	13,000,000
Total program payments		14,000,000	13,000,000	13,000,000
1957 Program payments:				
Practice including CMS		20,000,000	80,000,000	
Annual (rental).....			112,000,000	112,000,000
Total program payments		20,000,000	192,000,000	112,000,000
1958 Program payments:				
Practice including CMS.....			36,000,000	144,000,000
Annual (rental).....				145,000,000
Total program payments			36,000,000	289,000,000
Subtotal Conservation Reserve program payments:				
Practice including CMS.....		21,000,000	116,000,000	144,000,000
Annual (rental).....		13,000,000	125,000,000	270,000,000
Total program payments		34,000,000	241,000,000	414,000,000
Operating expenses:				
National & ASC State Offices..	41,233	1,664,000	2,519,000	
ASC County Offices	115,103	9,236,000	13,408,000	
Total, CSS.....	156,336	10,900,000	15,927,000	
Agricultural Conservation Program Service.....		30,000	39,200	
Forest Service.....		7,965,000	6,500,000	
Soil Conservation Service.....		1,400,000	4,000,000	
Office of the General Counsel..		40,500	87,500	
Office of Information.....		7,280	8,960	
Total operating expenses		20,342,780	26,562,660	
Total, Conservation Reserve..	156,336	54,342,780	267,562,660	

Type of Expense	Fiscal Year 1956	1957	1958	1959
Total Soil Bank Program:				
Program payments		387,000,000	896,000,000	1,039,000,000
Operating expenses:				
National & ASC State Offices	434,217	5,000,000	7,000,000	
ASC County Offices	3,324,316	50,500,000	55,000,000	
Total, CSS	3,758,533	55,500,000	62,000,000	
Agricultural Conservation Program Service		30,000	39,200	
Forest Service		7,965,000	6,500,000	
Soil Conservation Service		1,400,000	4,000,000	
Office of the General Counsel		81,000	175,000	
Office of Information		18,000	21,800	
Total, operating expenses		64,994,000	72,736,000	
Total, Soil Bank Program	3,758,533	451,994,000	968,736,000	

INCREASES AND DECREASES

(1) A net increase of $303,401,205 for the Acreage Reserve Program as follows:

(a) An increase of $302,000,000 for acreage reserve payments. Acreage reserve payments totaling $655,000,000 are estimated for the fiscal year 1958 as shown on the preceding table. This represents an increase of $302,000,000 above the estimated amount of such payments for 1957 and is required to meet the planned program for the year. A preliminary report of sign-up for the 1957 acreage reserve program through March 22, 1957, indicates that 916,672 agreements covering 20,586,001 acres and providing for maximum payments of $584,873,027 have been signed. It is anticipated that additional acres providing payments of an additional $45,126,973 will be offered by producers through the "over the limit" agreements authorized by the Secretary. Under this authorization producers who indicated a desire to offer more than the permitted acreage of certain crops at the original sign-up, may now amend the agreement to include such acreage which has been made available through reallocation of unused balances from other areas. Of the total payments earned under the 1957 program, it is anticipated that $100,000,000 will be paid in the fiscal year 1957, and $530,000,000 in the fiscal year 1958. In addition, it is estimated that $125,000,000 of payments will be made in the fiscal year 1958 on the 1958 program.

(b) An increase of $1,401,205 in operating expenses. This increase is explained in detail in the following pages.

(2) An increase of $213,079,650 for the Conservation Reserve Program as follows:

(a) An increase of $207,000,000 for Conservation Reserve payments. Conservation reserve payments are estimated to amount to $241,000,000 in the fiscal year 1958, an increase of $207,000,000 above the payments made in the fiscal

year 1957, as indicated on the preceding table. Payments in 1957 are anticipated to total $34,000,000, consisting of $14,000,000 applicable to the 1956 Conservation Reserve Program and $20,000,000 for the 1957 Conservation Reserve Program. The preliminary progress report for the 1956 Conservation Reserve Program through December 31, 1956, indicates that 16,496 producers offered 1,441,662 acres which would entitle them to maximum earnings in the fiscal year 1957 of $13,219,682. It is anticipated that earnings under the 1957 Conservation Reserve Program for the fiscal years 1957 and 1958 will total $212,000,000, of which $20,000,000 will be paid in the fiscal year 1957 and $192,000,000 will be paid in the fiscal year 1958. It is also estimated that $36,000,000 payments will be required in the fiscal year 1958 for the 1958 Conservation Reserve Program.

(b) An increase of $6,079,650 in operating expenses. This change is explained in detail in the following pages.

(3) An increase of $261,145 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

Explanation of Increases and Decreases for Operating Expenses, Soil Bank Program

The estimated expenses required for administering the Soil Bank Program in the fiscal years 1957 and 1958 are summarized as follows:

AGENCY AND ITEM	1957 (estimated)	Increase or Decrease: Retirement Cost (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
Commodity Stabilization Service:				
Acreage Reserve Program:				
CSS Divisions and Offices	1,024,000	+38,000	+372,000	1,434,000
ASC State Offices	2,312,000	+80,000	+655,000	3,047,000
ASC County Committees ...	41,264,000	---	+328,000	41,592,000
Total Acreage Resere Prog.	44,600,000	+118,000	+1,355,000	46,073,000
Conservation Reserve Program:				
CSS Divisions and Offices	576,000	+21,000	+209,000	806,000
ASC State Offices	1,088,000	+48,000	+577,000	1,713,000
ASC County Committees	9,236,000	- -	+4,172,000	13,408,000
Total Conservation Reserve Program	10,900,000	+69,000	+4,958,000	15,927,000
Total Retirement Cost (P.L.854)		/187,000/	/69,800/	/256,800/
Total Commodity Stabilization Service	55,500,000	+187,000	+6,313,000(a)	62,000,000
Agricultural Conservation Program Service	30,000	+2,000	+7,200(b)	39,200
Forest Service	7,965,000	+11,300	-1,476,300(c)	6,500,000
Soil Conservation Service ...	1,400,000	+55,000	+2,545,000(d)	4,000,000
Office of the General Counsel	81,000	5,195	-+88,805(e)	175,000
Office of Information	18,000	+650	+3,150(f)	21,800
Total Retirement Cost(P.L.854)		/74,145/	/103,945/	/178,090/
Total	64,994,000	+261,145	+7,480,855	72,736,000

The increases and decreases for operating expenses of the Soil Bank Program in 1958 compared with 1957 are explained below:

Commodity Stabilization Service

(a) An increase of $6,313,000 in operating expenses for the Commodity Stabilization Service.

The following tabulation reflects the requirements of the Commodity Stabilization Service, including the State Agricultural Stabilization and Conservation offices and the Agricultural Stabilization and Conservation county committees, in carrying out assigned responsibilities under both the Acreage Reserve and Conservation Reserve Programs (exclusive of $187,000 in 1958 for retirement costs applicable to the base for 1958):

	1957	1958	Increase
Acreage Reserve Program	$44,600,000	$45,955,000	$+1,355,000
Conservation Reserve Program	10,900,000	15,858,000	+4,958,000
Total	55,500,000	61,813,000	+6,313,000

The Soil Bank Act provides that under the Acreage Reserve Program producers be compensated for reducing their acreages of certain basic commodities below their farm acreage allotments or farm base acreage and that under the Conservation Reserve Program producers be offered contracts providing annual payments of rent and a part of the cost of establishing and maintaining vegetative cover or water storage facilities or other soil, water, wildlife, or forest-conserving uses on certain designated acreage.

The Commodity Stabilization Service formulates the Acreage Reserve Program and assists in the formulation of the Conservation Reserve Program. It prepares regulations, procedures and instructions, determines acreage goals and establishes allocation and allotments of funds to activate and carry out the purposes of the Act. It furnishes such regulations, procedures, etc to the ASC State, Insular and county committees, supervises and assists them in their administration of the programs, audits their program activities and records, and performs other related activities in the administration of the Act.

The ASC State and Insular offices carry out the acreage reserve and conservation reserve programs in the field in accordance with the regulation and procedures prescribed by the Commodity Stabilization Service. They provide direct supervision, guidance and assistance to the ASC county committees who will deal directly with producers. They audit county committee records and program activities, distribute and control county allocations, goals and allotments, maintain records and prepare reports of program activities and perform other work relating to these programs at the State level.

The ASC county committees deal directly with producers in carrying out the provisions of the acreage reserve and conservation reserve programs, in accordance with regulations and procedures developed by the Commodity Stabilization Service and furnished by the ASC State offices and under the

supervision and guidance and with the assistance of those offices. The principal functions of these committees are as follows:

a. Holding meetings to instruct committeemen and other employees in operation of programs and for establishment of yields and rental rates.

b. Preparing agreements with producers.

c. Inspecting acreage offered to determine suitability.

d. Determining acreage and performance.

e. Preparing certificates, applications and sight drafts.

f. Violations, terminations and refunds.

g. Maintenance of records for protection of acreage allotments and control of fund allocations.

Fiscal year 1957 Operating Expenses. The estimate for operating expenses for the fiscal year 1957 is based on the amount of work required in connection with levels of participation in the 1956 and 1957 programs. In developing the cost of work to be done, consideration was given to unit cost data for similar programs in the past two years, although for some jobs no information on unit costs was available.

Some of the major factors used in arriving at the estimate of $55,500,000 operating expenses in the fiscal year 1957 are shown below. Most of this amount, $50,500,000 is for the use of ASC county offices and was computed using statistics as follows:

Work Unit	Number (Includes all 1956 Program and all or part of 1957 Program)	Unit Cost	Total Cost
Informational and instructional meetings at district, State and community levels	12,850 (meetings)	$330.89	$4,251,976
Determining average normal yields for communities	27,177 (communities)	25.03	680,330
Establishing normal yields for farms	4,782,393 (farms)	1.99	9,500,260
Establishing county and community rental rates	27,177 (communities)	83.86	2,279,180
Computation of farm data and sign-up	1,700,000 (sign-ups)	3.33	5,656,720
Measuring and computing acreage reserve	868,000 (farms)	8.82	7,655,760

(Continued on next page)

Work Unit	Number (Includes all 1956 Program and all or part of 1957 Program)	Unit Cost	Total Cost
Measuring and computing acreage on conservation reserve	91,000 (farms)	8.82	802,620
Preparation of acreage reserve certificates	800,000 (certificates)	.15	120,000
Preparation of conservation reserve applications	76,000 (applications)	.75	57,000
Handling violations, terminations or refunds	274,102 (violations, etc.)	1.96	537,520
Establishment of base acreage for corn	1,724,000 (farms)	.10	172,400
Maintaining county fund allocations and acreage control records necessary to protect future acreage allotments	980,000 (farms)	.25	245,000
Preparation of rental forms, conservation reserve	16,000 (forms)	.35	5,600
Measuring and determining corn acreage	450,450 (farms)	8.82	3,972,969
Inspect designated Soil Bank reserve	1,150,000 (farms)	5.88	6,762,000
Referendum on corn	840 (counties)	300.00	252,000
Total personal services			42,951,335
Travel			2,791,825
All other expenses			4,756,840
Total			50,500,000

Certain preparatory work is necessary in fiscal year 1957 regardless of the level of participation. Other work, such as negotiation of agreements, measurement of acreage, preparation of certificates and applications, violations, etc., varies in the same ratio as participation.

Fiscal Year 1958 Operating Expenses. In the fiscal year 1958 there is an increase of $6,313,000 in operating expenses of the Commodity Stabilization Service. This includes an increase of $1,355,000 applicable to the Acreage

Reserve Program, and an increase of $4,958,000 applicable to the Conservation Reserve program.

It is estimated that the carrying out of ASC county committee functions will involve the following workload items in the fiscal year 1958. This estimate is predicated to some extent on tentative assumptions as to the extent of participation by farmers in this voluntary program. Actual experience to date has been insufficient on which to formulate a sound estimate, and has not been representative of the normal operations to be carried out. To the extent possible, unit costs for operations under programs somewhat related to the Soil Bank Program, such as Acreage Allotments and Marketing Quotas, have been considered in developing the estimates for operating expenses. Accordingly, actual costs incurred during the fiscal year 1957 may vary from this estimate (unit costs cover personal services only, since without previous experience it has been impossible to estimate other expenses by units).

Work Unit	Number (Includes all or part of both 1957 and 1958 Programs)	Unit Cost	Total Cost
Informational and instructional meetings at district, State and community levels	6,394 (meetings)	$352.80	$2,255,825
Determining average normal yields for communities	27,177 (communities)	13.28	360,975
Establishing normal yields for farms	4,782,393 (farms)	1.00	4,785,900
Establishing county and community rental rates	27,177 (communities)	42.70	1,160,424
Computation of farm data and sign-up	2,000,000 (sign-ups)	4.36	8,710,000
Measuring and computing acreage reserve	1,152,000 (farms)	9.00	10,368,000
Measuring and computing acreage on conservation reserve	355,000 (farms)	9.00	3,195,000
Annual reinspection of conservation reserve	266,000 (farms)	6.00	1,596,000
Preparation of acreage reserve certificates	620,000 (certificates)	.27	168,000
Preparation of conservation reserve applications	340,000 (applications)	.75	255,000

(Continued on next page)

Work Unit	Number (Includes all or part of both 1957 and 1958 Programs)	Unit Cost	Total Cost
Handling violations, terminations, or refunds	73,350	$11.75	$862,004
Maintaining county fund allocations and acreage control records necessary to protect future acreage allotments	1,507,000 (farms)	.25	376,750
Preparation of rental forms, conservation reserve	266,000 (forms)	.35	93,100
Measure and determine corn acreage	434,000 (farms)	9.00	3,906,000
Inspect designated Soil Bank reserve	1,370,000 (farms)	5.98	8,200,000
Total personal services			46,292,978
Travel			2,981,167
All Other			5,725,855
Total			55,000,000

The increase of $6,313,000 for the Soil Bank Program for all levels of operation in the Commodity Stabilization Service is distributed as follows:

	F. Y. 1957	F. Y. 1958	Increase, 1958 Compared with 19
CSS Divisions and Offic es	$1,600,000	$2,181,000	$+581,000
ASC State Offices	3,400,000	4,632,000	+1,232,000
ASC County Committees	50,500,000	55,000,000	+4,500,000
Total, CSS	55,500,000	61,813,000	+6,313,000

The major part of operating expenses consists of initial inspection of designated reserve acreages and subsequent actual measurement of designated reserve acreages. This work will be done in significant volume for the first time in April, May, and June of the calender year 1957, and in July through August of calender year 1957. Therefore no reliable basis of actual costs is available at this time.

The increases at all levels of arganization reflect to some extent the increased program volume anticipated, but are chiefly due to delays in recruitment beyond that anticipated in the fiscal year 1957. These delays in recruitment were in part the result of reluctance to employ additional personnel until the work had developed to an extent that justified it and in part the result of difficulties encountered in securing properly qualified personnel. It is estimated that recruiting efforts in the fiscal year 1958 will permit the necessary staffing to carry out the program successfully. Some of the increases are to provide for a full year's salary

for personnel on duty only part of the fiscal year 1957. As demonstrated by action in the fiscal year 1957, should events prove that the estimate is somewhat too high, funds not required for efficient economical operation of the programs at the actual level of participation will not be used.

Agricultural Conservation Program Service

	1957	1958	Increase
(b) Formulation of Conservation Reserve Program (exclusive of $2,000 for retirement costs applicable to the base for 1958)	$30,000	$37,200	$+7,200

The Agricultural Conservation Program Service, at the national level, and with the assistance of the Forest Service, the Soil Conservation Service, and the Commodity Stabilization Service, formulates the program provisions relating to the conservation practices to be carried out on acreage set aside under the Conservation Reserve Program, including the rates of cost-sharing and maximum cost-share limitations. It also reviews and approves the Conservation Program practices for individual States, including wildlife conservation practices proposed by the Fish and Wildlife Service of the U. S. Department of the Interior and State wildlife conservation agencies, as well as all of the soil and water conservation practices designated for this program.

The Agricultural Conservation Program Service develops with the assistance of the Forest Service, the Soil Conservation Service, and the Commodity Stabilization Service, the operating policies relating to the Conservation Reserve practices, such as the furnishing of conservation materials and services, the replacement of conservation practices destroyed through causes beyond the control of the farm operator, and the time and order of applying the conservation practices to the land. It also reviews and appraises this program insofar as its conservation phases are concerned, and obtains and makes reports concerning the conservation practices authorized thereunder. It assists in the development of the operating procedures needed in the administration of the Conservation Reserve Program.

The increase reflects the application of increased time by personnel to all phases of the program.

Forest Service

(c) A net decrease of $1,476,300 for the Forest Service. The following tabulation reflects the requirements of the Forest Service in carrying out its assigned responsibilities under the Conservation Reserve Program (exclusive of $11,300 in 1958 for retirement costs applicable to the base for 1958):

	1957	1958	Increase or Decrease
Production of forest tree seedlings	$7,100,000	$5,000,000	$-2,100,000
Technical assistance and administration	865,000	1,488,700	+623,700
Total	7,965,000	6,488,700	-1,476,300

The Forest Service is responsible for the technical phases of planting trees on land regularly used for crop production and for expansion of tree seedling production, primarily through the facilities of State Forestry Departments. The program involves the following major fields of work:

1. The expansion of State Forester operated nurseries through agreement with the Forest Service, to provide forest tree production needed and in excess of nursery tree output available from existing nursery sources. In a number of States it will be necessary to build entirely new nurseries. Other tree planting programs in the past few years have been demanding all or more forest tree seedlings than have been available and the Conservation Reserve Soil Bank will itself now require more nursery tree stock annually than current nursery capacity is able to produce for other programs. New nursery buildings, wells, irrigation systems, equipment, tools, land leveling and drainage, seedling bed construction, seed extractories, etc., will be involved.

2. The production of forest nursery stock by State Foresters through agreement with the Forest Service. Operation of State nurseries will include the collection and processing of tree seed, and the sowing, weeding, watering, fertilizing, pest controlling, transplanting, lifting, packing, and distributing of forest and shelterbelt tree nursery seedlings. In addition, the State Foresters will arrange to obtain nursery tree seedlings at reasonable rates from commercial nurseries, Soil Conservation Districts, and other sources. It is estimated that five billion trees will be needed for planting on the Conservation Reserve for the life of this program.

3. The furnishing of technical forestry assistance, through agreement with the Forest Service, to County and State Agricultural Stabilization and Conservation Committees and to farmers engaging in tree planting on the Conservation Reserve. Farmers will be given technical forestry advice and training on site preparation, selection of tree species and age classes, tree planting operations, and initial plantation establishment.

4. The general administration of the technical direction of the tree planting phase of the Conservation Reserve Program is the responsibility of the Forest Service, which will work through the State Foresters to obtain the accomplishments outlined previously in items 1, 2, and 3. The Forest Service will arrange formal agreements with the State Foresters and will be responsible for the operation and financial plans prepared and effected by the State Foresters for this tree planting program. The Forest Service will make arrangements to provide nursery tree seedlings to State Foresters from some Federal nurseries but no expansion of Federal nurseries is planned.

In the fiscal year 1958, the following changes in the funds needed by the Forest Service are proposed:

A decrease of $2,100,000 for advances to States for expansion of nursery production facilities, seed collection, and nursery operation.

During fiscal year 1957, it is anticipated that $7,100,000 will be required for this purpose. Approximately $5,100,000 of this will be for the construction of added nursery capacity, estimated as needed over and above present nursery capacities to produce the trees needed for Soil Bank Conservation Reserve purposes. It is estimated that $2,000,000 will be needed to operate the nursery facilities (including seed acquisition) being used to produce Soil Bank trees and to purchase trees produced by commercial and industry nurseries.

It is planned during fiscal year 1957 to complete to the extent practicable the construction of the needed expanded nursery capacity. Thus, only a minor amount for this purpose will be needed for fiscal year 1958 as compared to approximately $5,100,000 in fiscal year 1957. On the other hand, the funds needed for seed collection, nursery operation and the purchase of tree planting stock will be much greater for fiscal year 1958 than for fiscal year 1957. This cost will be offset in part during the fiscal year by the sale of tree planting stock produced in whole or in part with Soil Bank funds, For Soil Bank seedlings which require more than one growing season in the nursery and for sowings in the spring of 1958, there will be no receipts from sales in fiscal year 1958 although there will be nursery operating costs. It is estimated that there will be approximately $1,500,000 of collections made in fiscal year 1958 from the sale of trees produced or acquired with Soil Bank funds.

An increase of $623,700 for technical assistance on conservation practices involving establishment of forest tree planting.

The funds under this item are used in providing (a) administration of the responsibilities for the Soil Bank Program assigned to the Forest Service, and (b) furnish technical forestry assistance (almost exclusively through State Foresters) to State and County Agricultural Stabilization and Conservation Committees and to producers who have entered into conservation reserve contracts. The responsibilities of the Forest Service as mentioned above involve (a) arranging for the production of an adequate supply of the various species of trees needed for the acreage placed under tree planting conservation reserve contracts by producers, and (b) for the furnishing of technical forestry assistance in the development and application of specifications for forestry practices, determining performance in meeting specifications and related technical forestry matters.

Preliminary State and County Agricultural Stabilization and Conservation Committee estimates indicate that approximately 940,000 acres in 1957, 1,200,000 acres in 1958, and 1,400,000 acres in 1959 will be placed under tree planting conservation reserve contracts. Estimates have not been made for subsequent years but it is estimated by the Forest Service that a total of 5,000,000 acres will be involved. Based on tree planting sign-up as of March 15, it is estimated that the 1957 sign-up as of closing date of April 15, will be 500,000 acres. It is hoped this failure to meet the earlier estimate of 940,000 acres for 1957 will be offset in subsequent years by proportionately larger sign-up. The planting of trees on farms will lag

up to 3 or 4 years behind the signing of contracts even though a substantial acreage will be planted each year commencing with fiscal year 1957. Pre-planting technical assistance to Agricultural Stabilization and Conservation committees and producers (farmers) and guidance during and after the planting season will keep available technical personnel busily engaged throughout the balance of fiscal year 1957 and subsequent years.

The increase proposed is to provide administration and technical assistance over a 12-month period in fiscal year 1958, as compared to approximately 10 months during fiscal year 1957.

It is planned to furnish essentially all of this technical service through foresters employed by the States and located throughout the State. Both the foresters previously employed by the States and newly employed foresters will be utilized to perform these services. The cost to the Soil Bank will be based on services performed.

Soil Conservation Service

(d) An increase of $2,545,000 for the Soil Conservation Service to provide technical service in the Conservation Reserve features of the Soil Bank Program. The estimated needs of the Soil Conservation Service in performing its responsibilities under the Soil Bank Program (exclusive of $55,000 in 1958 for retirement costs applicable to the base for 1958):

	1957	1958	Increase or Decrease
Technical services	$1,400,000	$3,945,000	+$2,545,000

The Soil Conservation Service assists in program formulation, in counseling farmers, and providing them soil suitability information, where needed, for selecting land for the Soil Bank reserve, and for technical assistance in planning and establishment of appropriate soil and water conservation practices.

The calendar year 1957 will be the first complete crop year of program operation. It is expected that the need for assistance from service technicians will increase as the program gets into full operation and farmers are able to adjust their cropping patterns, select their reserve acreage, and begin to install eligible conservation practices. It is estimated that technical assistance required for the full fiscal year 1958 will be about double the amount provided to initiate the program in the fiscal year 1957.

Additional technicians and aids would be employed in the field in accordance with the need for technical assistance. New technicians would be added to existing staffs in proportion to the actual costs of servicing the Soil Bank Program and to meet the conservation reserve objectives. The increase requested is the minimum estimated to provide the technical assistance necessary to meet the Service responsibilities in achieving the conservation reserve goals during the fiscal year 1958.

Office of the General Counsel

	1957	1958	Increase or Decrease
(e) Legal services incident to the Soil Bank Program (exclusive of $5,195 in 1958 for retirement costs applicable to the base for 1958) ...	$81,000	$169,805	+$88,805

The legal work consists of interpreting the Soil Bank Act, the drafting and approval of regulations, instructions and legal forms which are necessary for carrying out the acreage reserve and conservation reserve programs. It consists also of interpreting these regulations and instructions and the rendering of day to day legal advice. It is expected that in 1958 the State and county committees will look to the field offices of the Office of the General Counsel for a substantial amount of legal advice and assistance in connection with the problems that arise at these operating levels.

It is expected also that a considerable volume of litigation will result from the programs. Many calls upon the General Counsel's Office, including field attorneys, for legal assistance will result from the provisions of the Soil Bank Act for hearings prior to the termination of any contract, for a violation thereof and for a trial de novo in the Federal district courts if the farmer believes that his contract has been terminated unjustifiably. Civil penalties, similar to marketing quota penalties, may be imposed upon farmers who wilfully and knowingly violate the prohibition against grazing or cropping any land placed in the soil bank. These penalties will be enforced through legal proceedings in the Federal district courts and will require considerable attention by attorneys of this Office, both in Washington and in the field. There are indications, even at this early date, that violations in connection with this program may require assistance from this Office greatly in excess of our original estimate.

In 1958 it is anticipated that a total of $175,000, including $5,195 required for payment of the Civil Service retirement fund will be required to meet minimum needs for legal services under the Soil Bank program.

Office of Information

	1957	1958	Increase or Decrease
(f) Information services incident to the Soil Bank Program (exclusive of $650 for retirement costs applicable to base for 1958)	$18,000	$21,150	+$3,150

The Office of Information is responsible for planning, directing and coordinating the Department-wide information phases of the Soil Bank Program. Because the Soil Bank is open to all farmers of the United States, and because several agencies have specified responsibilities in putting it into effect, certain parts of the information program must be on a Department-wide basis. This required centralized direction and coordination of Department information facilities in support of the Soil Bank Program and its objectives

by the Office of Information. This central support is needed in the planning and development of all information materials to support the program to bring information on the Soil Bank to all farmers, in the scheduling and assignment of the preparation of materials, and in controlling and expediting distribution of materials. These materials include press, radio, television, publications, charts and other graphics, exhibits, photographs and films. These are functions which sharply increase the workload of the Office of Information but which necessarily must be done from one point in the Department, and the Office of Information is organized for these purposes. The Office of Information is responsible particularly for those general information activities needed to inform the general public of the relation of the Soil Bank Program to the national economy.

In 1957, the amount of $18,000 has been made available to the Office of Information to provide for small staff for this over-all informational work for a part of the year. The increase of $3,150 is required in 1958 to place this work on a full-year basis.

CHANGE IN LANGUAGE

The estimates propose new language as follows:

> For necessary expenses to carry out a soil bank program in accordance with the provisions of Title I of the Act approved May 28, 1956 (70 Stat. 188-198), $1,000,000,000.

The proposed language would provide an appropriation for carrying out the purposes of Soil Bank Act during the fiscal year 1958, including the transfer of necessary funds to the Commodity Credit Corporation. The Soil Bank Act, approved May 28, 1956, authorized the use of the funds and facilities of the Commodity Credit Corporation to carry out the Soil Bank activities through June 30, 1957. It prohibits the CCC from making expenditures in connection with such activities after June 30, 1957, unless the Corporation receives in advance funds to cover Soil Bank Program expenditures during such period from an appropriation made to carry out the Soil Bank Act.

To facilitate the financial operation of the program and to provide for current identification of expenditures for reporting and management purposes, a separate account was established for the Soil Bank Program in the fiscal year 1957. For operating expenses (as distinguished from program payments to farmers) CCC capital funds are transferred to this account, as required. Allotments are made from the account to the agencies of the Department responsible for carrying out the program. (Funds for operating expenses are recorded as CCC expenditures at the time the transfers are made to the Soil Bank account, although they subsequently become obligations and expenditures of the agencies to which allotted.) For program payments, whether negotiable certificates under the Acreage Reserve Program or sight drafts under the Conservation Reserve Program, expenditures are based on certificates or sight drafts issued. The amount of such documents issued is reported by the Commodity Offices on a monthly basis. These amounts are then transferred from CCC capital funds and reported as expenditures under the Soil Bank account. Thus, all expenditures under the program (except interest cost to CCC on funds borrowed from Treasury) are being reported in the account established for this purpose.

From the operating standpoint, the program would be conducted in 1958 in the same manner as in 1957. The only difference would be the source of funds, which in 1958 would be provided by direct appropriation rather than from CCC capital funds. In 1958, allotments from the appropriation would be made for operating expenses to the Department agencies administering the program. For program payments, funds would be advanced to the Commodity Credit Corporation from the appropiration. The facilities, services, and authorities of the Corporation would be used, as authorized by Section 120 of the Soil Bank Act, to make the program payments required in the fiscal year 1958 under the terms of contracts with farmers.

STATUS OF PROGRAM

Objectives - The purposes of the Soil Bank Act are to protect and increase farm income, to protect the national soil, water, and forest and wildlife resources from waste and depletion, to protect interstate and foreign commerce from the burdens and obstructions which result from the utilization of farmland for the production of excessive supplies of agricultural commodities, and to provide for the conservation of such resources, and an adequate, balanced, and orderly flow of such agricultural commodities in interstate and foreign commerce. The Act authorized programs to assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest and wildlife conservation.

These activities, together with the acreage allotment and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, the price-support programs, and the Agricultural Conservation Program, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce. Under the Soil Bank Act there are two major programs, the Acreage Reserve Program and the Conservation Reserve Program, in which farmers may participate.

Financing - Section 120 of the Soil Bank authorizes the Secretary to utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation for carrying out the Soil Bank Act through June 30, 1957. Pursuant to this authority, Commodity Credit Corporation funds have been made available for expenses of the program through June 30, 1957. An appropriation to repay CCC will be requested at a later time.

ACREAGE RESERVE PROGRAM

Main Features

1. Objective - The purpose of the Acreage Reserve Program is to assist producers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities by compensating them for reducing their acreages below their allotments or, in the case of corn, where applicable, their Soil Bank base.

2. Eligible commodities - The program applies to wheat, cotton, corn produced in the commercial corn-producing area, peanuts, rice, and most types of tobacco.

3. Participation - A producer who wishes to participate in the program must enter into a contract with the Secretary in which he agrees, among other things (a) to reduce acreage of the commodity below the farm acreage allotment or farm base acreage; (b) to specifically designate acreage withdrawn from production, which is placed in the acreage reserve, and not to harvest any crop from, or graze, the acreage reserve unless the Secretary determines grazing is necessary.

4. Manner and amount of compensation - Producers are compensated through the issuance of negotiable certificates which the Commodity Credit Corporation must redeem in cash, or at the option of the producer with respect to certificates issued for grains, in grains in lieu of cash. Compensation is determined by the Secretary at a rate which will provide producers with a fair and reasonable return for reducing their acreages, taking into consideration the loss of production, any savings in cost resulting from not planting the acreage reserve, and the incentive necessary to achieve the reserve goal.

5. General provisions - Among other things (a) producers must be in compliance with all their acreage allotments and Soil Bank corn base acreages, except that if the wheat allotment is less than 15 acres the farm may not have more than 15 acres, (b) tenants and sharecroppers have full right to share in benefits, and (c) a farmer's historical acreage for allotment purpose will be protected.

6. Limitation on compensation - The total compensation paid producers for participating in the Acreage Reserve Program with respect to any year's crops shall not exceed $750,000,000, and with respect to any commodity for any year shall not exceed for wheat, $375,000,000; for cotton, $300,000,000; for corn in the commercial corn-producing area, $300,000,000; for peanuts, $7,000,000; for rice, $23,000,000; and for tobacco, $45,000,000.

7. Duration - The program is applicable to 1956, 1957, 1958 and 1959 crops.

1956 Acreage Reserve Program

1. Initiation of program - Requirements for participation in the 1956 Acreage Reserve Program were announced by the Secretary on June 8, 1956. Due to the lateness in getting the program started many crops were well under way prior to the program announcement. Regulations provided that acreage designated for the Acreage Reserve must (a) be representative of the land used for the crop, (b) result in the harvesting of an acreage of the basic crop less than the farm allotment or Soil Bank corn base acreage, and (c) not be grazed, cut for hay, or cropped for the entire 1956 calendar year. Noxious weeds must also be controlled on the reserve acreage. Under Section 103(a) of the Act the Secretary subsequently relaxed restrictions on grazing in 678 counties in 11 States as a special drought disaster assistance measure. The Soil Bank Act prohibits grazing of land under Acreage Reserve agreements except in emergency conditions and then only on certification of the Governor of the State and the approval of the Secretary of Agriculture. The first approvals under this requirement were announced July 6, 1956. Grazing on acreage reserve is only for the benefit of the producer's own livestock. Leasing by the producer of the Soil Bank acreage is prohibited as being contrary to the purposes of the acreage reserve program.

In order to participate in the Acreage Reserve, a farmer must have complied with all acreage allotments or the Soil Bank corn base established for the farm, except that if the wheat allotment is less than 15 acres, the farm may not have more than 15 acres of wheat. The 1956 program contained special provisions to enable farmers to participate. Any farmer who otherwise complied with the provisions of the Acreage Reserve was eligible for payment if:

(a) He underplanted his allotment or Soil Bank corn base and certified that he underplanted in anticipation of complying with the 1956 Acreage Reserve or because of adverse weather conditions, or

(b) He complied with the Soil Bank corn base or the farm allotment for a particular crop, but an acreage of the crop was not harvested due to natural causes, or

(c) He entered into an agreement by July 20. As the county offices were unable to complete all agreements by this date, due to the extent of participation, the closing date for entering into agreements was extended to July 27.

(d) He was in an area where the established final date for disposing of the commodity is subsequent to May 28 and he plowed or otherwise physically incorporated into the soil, or clipped, mowed, or cut the crop after May 28 and prior to June 30 or the established final date. The final date for compliance was extended to August 31, 1956.

He was relieved of his obligation under the agreement, if he was not entitled to any compensation under the agreement for 1956 because of failure to perform such agreement in any of the following respects:

1. Failure to dispose of crops on designated acreage by final date specified.

2. Failure to meet minimum acreage requirements.

3. Failure to comply with all acreage allotments or corn base acreage for the farm.

Maximum and minimum acreages of basic crops which could be placed in the Acreage Reserve and national average rates for payment were established as follows:

Commodity	National Average Rate	Maximum	Minimum
Corn	$ .90 bu.	The larger of half the Soil Bank corn base acreage or 50 acres	The larger of 10% of the base acreage or 5 acres
Wheat	1.20 bu.	The larger of half the wheat allotment or 50 acres	The larger of 10% of the allotment or 5 acres
Rice	2.25 cwt.	The larger of half the rice allotment or 50 acres	The larger of 10% of the allotment or 5 acres
Cotton	.15 lb.	The larger of half the cotton allotment or 10 acres	The larger of 10% of the allotment or 2 acres

Commodity	National Average Rate	Maximum	Minimum
Peanuts	$ .03 lb.	The larger of half the allotment or 10 acres	The larger of 10% of the allotment or 1 acre
Tobacco	.08 to .19 lb.	The larger of half the allotment or 5 acres	The larger of 10% of the allotment or 1 acre

Where the allotment was less than the specified acreage minimum or maximum, the total allotment was considered the maximum or minimum.

2. Participation - The most recent report of agreements signed in the 1956 Acreage Reserve Program was as follows:

Participation by Commodities

Commodity	No. of Agreements	No. of Acres	Maximum Payments
Corn	320,450	5,450,194	$180,629,284
Wheat	110,515	5,654,507	44,490,882
Peanuts	5,303	43,645	591,437
Rice	1,112	28,003	1,386,667
Cotton	95,954	1,113,789	27,281,778
Tobacco	19,994	31,671	6,618,699
Total	553,328	12,321,809	260,998,747
Total farms	537,172		

Participation and the acreage reserve payments (negotiable certificates issued) by States is shown in the following table:

TABLE I

1956 Acreage Reserve Program

Participation and Obligations by States

State	Number of Farms	Number of Acres	Maximum Obligations	Negotiable Certificates Issued Through 1/31/57
Alabama	6,345	34,919	$1,383,931	$1,330,549.81
Arizona	182	2,950	285,113	282,780.02
Arkansas	3,756	28,505	1,191,046	1,126,339.90
California	823	25,012	931,306	849,421.17
Colorado	6,683	776,178	4,590,448	4,472,717.63
Connecticut	1,008	4,358	1,422,857	1,311,801.90
Delaware	457	7,757	345,084	282,183.40
Florida	1,567	6,126	352,394	347,352.38
Georgia	8,407	39,944	1,527,559	1,469,032.63
Idaho	962	34,553	752,826	733,318.02
Illinois	40,634	485,567	23,006,983	21,457,148.50
Indiana	21,691	258,720	11,146,697	9,701,491.11
Iowa	68,415	1,283,148	54,515,272	51,407,307.31
Kansas	19,375	1,045,907	8,131,080	7,684,659.58
Kentucky	23,057	221,569	7,116,867	6,812,887.79
Louisiana	3,973	31,650	1,712,648	1,665,805.02
Maryland	1,889	16,182	1,939,013	910,924.78
Massachusetts	706	2,382	788,787	717,913.74
Michigan	9,639	97,598	3,682,190	3,527,849.48
Minnesota	28,111	310,364	10,813,858	9,967,212.13
Mississippi	3,135	14,908	749,351	744,829.64
Missouri	26,609	367,883	10,377,629	9,441,306.70
Montana	3,480	201,202	1,714,910	1,671,191.32
Nebraska	55,905	1,607,733	34,456,406	31,930,945.35
Nevada	4	238	16,104	16,098.50
New Jersey	509	7,558	346,981	320,360.44
New Mexico	2,001	188,570	1,283,347	1,279,741.30
New York	1,274	11,049	68,758	65,314.73
North Carolina	15,417	79,670	3,931,965	3,650,209.76
North Dakota	26,998	1,029,130	13,714,734	13,124,519.00
Ohio	16,643	179,404	8,230,912	7,936,260.36
Oklahoma	17,253	599,377	4,715,137	4,598,219.93
Oregon	395	9,615	177,684	173,620.04
Pennsylvania	1,515	17,867	665,970	581,446.28
South Carolina	5,395	21,450	911,121	899,043.79
South Dakota	27,278	1,095,740	14,350,225	14,096,590.33
Tennessee	9,015	71,348	2,080,482	1,913,295.43
Texas	63,672	1,970,235	23,829,896	23,209,312.33
Utah	722	23,596	267,322	263,912.50
Vermont	1	5	1,643	1,642.50
Virginia	2,852	8,672	660,141	622,918.21
Washington	303	8,670	199,734	183,823.04
West Virginia	70	372	18,532	17,771.09
Wisconsin	7,931	72,643	3,292,282	3,046,106.74
Wyoming	529	20,651	187,951	182,890.09
Puerto Rico	586	834	13,571	13,344.86
Total	537,172	12,321,809	260,998,747	246,043,410.56

1957 Acreage Reserve Program

1. Allocation of funds - Preliminary national allocations of 1957 acreage reserve funds by commodities were:

Cotton	$217,500,000
Corn	217,500,000
Rice	14,000,000
Tobacco	34,055,000
Wheat	267,630,000
Total	750,685,000

Although the national allocations are $685,000 above the $750,000,000 set by the Soil Bank Act, it is anticipated that the total amounts of the allocations will not be used because not all agreements will be carried out or qualified for the full amounts allocated.

Preliminary State allocations as shown in Table II were determined after taking into account State acreage allotments for a particular commodity, land productivity, estimated extent of participation in the program, supply and demand conditions for different classes, grades and quality of the commodity produced in the several States, distances from markets, and historic prices. The States will use similar factors in allocating funds to their counties.

2. Unit rates and goals - The base unit rates and national acreage goals announced for the 1957 program are:

Commodity	Base Unit Rate	1957 Acreage Reserve Goal
Wheat (bu.)	$1.20	12,000,000 - 15,000,000
Cotton (lb.)	.15	3,500,000 - 4,500,000
Corn (bu.)	.90	4,500,000 - 5,500,000
Rice (cwt.)	2.25	175,000 - 225,000
Tobacco (lb.)	.08-.19	125,000 - 140,000

Base unit rates and acreage goals were not established for peanuts and extra long staple cotton. A favorable supply and marketing situation for both commodities would make a reduction of acreages below the allotments inconsistent with the objectives of the Acreage Reserve Program.

3. Farm Limits - Original regulations on extent of participation in the 1957 program provide that the acreage for any commodity placed in the Acreage Reserve by a farm shall not exceed that farm's allotment for the commodity. Within this limitation, the maximum acreages that may be originally entered for a farm were

(a) wheat, 50 acres or 50 percent of the farm allotment, whichever is larger;

(b) corn and rice, 20 acres or 30 percent of the allotment, whichever is larger;

(c) cotton, 10 acres or 30 percent of the allotment, whichever is larger;

(d) burley, dark air-cured, fire-cured, and Virginia sun-cured tobacco, 1 acre or 30 percent of the allotment, whichever is larger;

(e) all other tobacco, 3 acres or 30 percent of the allotment, whichever is larger.

Applications for Acreage Reserve agreements were accepted within these limits by county Agricultural Stabilization and Conservation committees on a "first come, first served" basis to the extent county funds are available. Farmers wishing to participate above maximum acreage limits for a particular crop must indicate this in their original agreement. If, after the sign-up for a crop has closed, funds are left over, or can be reallocated from another county or another State, these additional acres will be accepted to the extent funds are available and within instructions to be issued by the Department. When sign-up closing dates were reached the Department announced that sufficient funds were available to permit acceptance of all acreage offered, except that for tobacco types 51 and 52, all offered acreage up to the larger of 7 acres or 50% of the allotment would be accepted.

Except for winter wheat, the deadlines for signing 1957 Acreage Reserve agreements were as follows: March 1 for cotton and tobacco and March 8 for corn, spring wheat, and rice.

Only land suitable for the production of the commodity covered by an agreement will be eligible for designation as the Acreage Reserve. County ASC committees may also reject designations of tracts which are of such size, shape, or nature as to make it impracticable to determine performance of an agreement or will tend to defeat the purpose of the Soil Bank Program.

County ASC committees will inspect land offered for the Acreage Reserve to determine if it is suitable for the production of the commodity involved and whether it has been properly designated in the agreement. So far as practicable, this inspection will be made prior to acceptance of the agreement.

There will be no minimum acreage limitations on the amount of land that that may be entered in the program, except those already in effect for 1957 wheat. The minimum acreage for wheat is 3 acres, or the allotment, whichever is smaller.

4. Participation - Farmers have signed agreements placing 20,586,001 acres in the Acreage Reserve Program, as reported through March 22, 1957. If the farmers signing the agreements comply with the requirements of the program, they will be eligible for a maximum of $584,873,027 in payments. Table III shows by States the agreements signed, acres covered, and the maximum compensation.

TABLE II

1957 Acreage Reserve Program

1/ Preliminary State Allocations of Amounts Which May Be Obligated

CORN

State	Allocation	State	Allocation
Alabama	$1,208,000	Missouri	$12,424,000
Arkansas	289,000	Nebraska	16,614,000
Delaware	673,000	New Jersey	735,000
Georgia	987,000	North Carolina	3,969,000
Illinois	41,824,000	North Dakota	225,000
Indiana	20,709,000	Ohio	15,695,000
Iowa	44,287,000	Pennsylvania	3,916,000
Kansas	3,355,000	South Dakota	7,224,000
Kentucky	4,497,000	Tennessee	1,950,000
Maryland	1,666,000	Virginia	713,000
Michigan	6,016,000	West Va.	91,000
Minnesota	19,344,000	Wisconsin	9,089,000
		Total	$217,500,000

COTTON

State	Allocation	State	Allocation
Alabama	$13,322,400	Maryland	$ 300
Arizona	11,122,700	Mississippi	25,977,500
Arkansas	20,687,300	Missouri	5,763,600
California	20,333,200	Nevada	54,300
Florida	428,600	New Mexico	4,023,800
Georgia	10,870,500	North Carolina	6,695,100
Illinois	36,000	Oklahoma	6,035,600
Kansas	200	South Carolina	9,596,100
Kentucky	143,500	Tennessee	8,585,700
Louisiana	9,531,400	Texas	64,055,300
		Virginia	236,900
		Total	$217,500,000

RICE

State	Allocation	State	Allocation
Arkansas	$3,360,600	Missouri	$ 39,300
California	3,038,500	North Carolina	200
Florida	3,700	Oklahoma	1,200
Louisiana	3,617,700	South Carolina	13,500
Illinois	200	Tennessee	4,300
Mississippi	378,100	Texas	3,542,700
		Total	$14,000,000

State Allocations of Amounts Which May Be Obligated (Cont'd.)

TOBACCO

State	Allocation
TOBACCO - FLUE-CURED	
Alabama	$ 11,000
Florida	376,000
Georgia	1,834,000
North Carolina	12,695,000
South Carolina	2,344,000
Virginia	1,896,000
Total	$19,156,000
TOBACCO - BURLEY	
Alabama	$ 800
Arkansas	1,300
Georgia	2,400
Illinois	200
Indiana	238,400
Kansas	2,200
Kentucky	6,216,800
Missouri	85,700
North Carolina	385,500
Ohio	308,000
Pennsylvania	100
South Carolina	200
Tennessee	1,881,300
Texas	100
Virginia	405,700
West Virginia	83,300
Total	$9,612,000
TOBACCO - MARYLAND	
Delaware	$ 100
Maryland	1,033,100
Virginia	800
Total	$1,034,000
TOBACCO - DARK AIR-CURED	
Indiana	$ 1,300
Kentucky	372,900
Tennessee	63,800
Total	$ 438,000

State	Allocation
TOBACCO - VIRGINIA SUN-CURED	
Virginia	$ 69,000
TOBACCO - CIGAR BINDER - TYPE 51	
Connecticut	$ 1,257,700
Massachusetts	5,300
Total	$ 1,263,000
TOBACCO - CIGAR BINDER - TYPE 52	
Connecticut	$ 219,200
Massachusetts	781,600
New Hampshire	200
Vermont	1,000
Total	$1,002,000
TOBACCO - CIGAR BINDER - TYPE 54	
Illinois	$ 100
Indiana	100
Wisconsin	74,800
Total	$ 75,000
TOBACCO - CIGAR BINDER - TYPE 55	
Iowa	$ 200
Minnesota	4,300
Wisconsin	204,500
Total	$ 209,000
TOBACCO - CIGAR FILLER - TYPES 42, 43 and 44	
Ohio	$ 72,500
Pennsylvania	500
Total	$ 73,000
TOBACCO - FIRE-CURED	
Illinois	$ 100
Kentucky	405,400
Tennessee	500,700
Virginia	217,800
Total	$ 1,124,000

1957 Acreage Reserve Program

State Allocations of Amounts Which May Be Obligated (Cont'd.)

WHEAT

State	Allocation	State	Allocation
Arkansas	$ 41,000	North Carolina	$1,727,000
California	2,781,000	North Dakota	30,868,000
Colorado	22,684,000	Ohio	5,351,000
Delaware	54,000	Oklahoma	19,864,000
Georgia	830,000	Oregon	4,158,000
Idaho	7,820,000	Pennsylvania	1,092,000
Illinois	959,000	South Carolina	967,000
Indiana	1,970,000	South Dakota	9,058,000
Iowa	226,000	Tennessee	620,000
Kansas	81,415,000	Texas	13,379,000
Kentucky	735,000	Utah	2,241,000
Maryland	292,000	Virginia	853,000
Michigan	4,384,000	Washington	9,090,000
Minnesota	3,780,000	West Virginia	116,000
Missouri	3,060,000	Wisconsin	252,000
Montana	15,079,000	Wyoming	776,000
Nebraska	16,120,000		
New Jersey	176,000	Total	$267,630,000
New Mexico	1,387,000		
New York	3,425,000		

1/ The above allocations were changed from week to week as indicated by the desire of farmers to participate within applicable limits.

TABLE III A

1957 Acreage Reserve Program Signed Agreements

Reported Through March 22, 1957

(All Wheat)

State	Agreements Signed	Acreage Reserve	Compensation Obligated
Arkansas	138	2,157	$ 39,580
California	1,011	133,767	3,128,096
Colorado	7,496	1,320,931	22,197,454
Delaware	99	2,160	51,940
Georgia	2,852	36,638	804,666
Idaho	3,476	178,905	4,751,091
Illinois	2,290	31,479	859,008
Indiana	5,119	62,679	1,741,041
Iowa	375	7,265	167,721
Kansas	37,270	4,232,053	78,864,012
Kentucky	3,043	33,666	693,876
Maryland	822	10,371	266,279
Michigan	11,275	131,945	4,312,607
Minnesota	6,948	137,944	2,760,330
Missouri	7,479	117,512	2,717,534
Montana	5,821	450,546	8,377,171
Nebraska	18,027	494,602	11,543,441
New Jersey	345	5,549	172,519
New Mexico	1,029	172,695	1,135,555
New York	7,756	93,558	3,417,454
North Carolina	8,644	67,850	1,709,021
North Dakota	25,225	1,262,652	20,368,901
Ohio	13,455	162,442	4,862,781
Oklahoma	15,829	1,088,153	16,219,205
Oregon	2,007	110,231	3,139,241
Pennsylvania	4,001	36,555	1,068,182
South Carolina	3,696	40,193	958,057
South Dakota	13,892	738,438	9,905,165
Tennessee	2,858	30,099	602,010
Texas	11,824	1,115,460	12,724,261
Utah	1,989	96,324	1,858,804
Virginia	3,299	31,382	840,130
Washington	2,448	221,728	6,466,222
West Virginia	476	4,446	109,359
Wisconsin	693	5,521	155,980
Wyoming	716	40,070	679,462
Totals	233,723	12,707,966	229,668,156

TABLE III B

1957 Acreage Reserve Program Signed Agreements

Reported Through March 22, 1957

(Corn)

State	Agreements Signed	Acreage Reserve	Compensation Obligated
Alabama	6,435	58,301	$ 1,718,947
Arkansas	1,316	8,578	197,334
Delaware	1,141	17,133	771,457
Georgia	2,604	38,459	724,274
Illinois	26,516	357,794	16,366,947
Indiana	28,292	326,736	15,468,557
Iowa	37,757	625,378	27,683,000
Kansas	11,806	202,163	5,152,278
Kentucky	19,253	190,155	6,862,582
Maryland	1,955	22,951	1,015,326
Michigan	17,007	169,806	7,556,299
Minnesota	15,784	212,358	8,303,445
Missouri	34,016	507,341	18,564,815
Nebraska	45,981	969,999	25,625,022
New Jersey	1,590	22,814	1,157,477
North Carolina	10,009	80,971	2,709,851
North Dakota	485	7,161	163,474
Ohio	23,738	262,192	13,474,974
Pennsylvania	5,871	55,524	2,597,957
South Dakota	9,196	183,945	4,852,896
Tennessee	10,085	99,828	2,794,280
Virginia	1,339	16,105	642,338
West Virginia	135	1,966	80,493
Wisconsin	12,285	136,596	6,508,417
Totals	324,596	4,574,254	170,992,440

TABLE III C

1957 Acreage Reserve Program Signed Agreements
Reported Through March 22, 1957

(Cotton)

State	Agreements Signed	Acreage Reserve	Compensation Obligated
Alabama	42,604	265,346	$ 15,178,130
Arizona	1,002	44,955	6,195,048
Arkansas	18,916	187,938	10,505,853
California	3,729	74,797	7,522,029
Florida	3,460	15,673	792,670
Georgia	38,225	293,815	15,621,236
Illinois	27	117	6,193
Kansas	1	5	120
Kentucky	424	1,057	69,197
Louisiana	12,804	123,931	8,473,725
Maryland	1	20	920
Mississippi	34,477	253,704	17,241,274
Missouri	2,200	17,973	1,132,044
Nevada	7	1,104	76,037
New Mexico	808	14,233	1,480,795
North Carolina	26,969	122,105	7,226,083
Oklahoma	17,181	201,367	6,136,613
South Carolina	27,865	199,230	11,757,138
Tennessee	13,489	68,432	4,279,192
Texas	56,580	1,130,470	39,436,620
Virginia	1,295	3,474	211,632
Totals	302,064	3,019,746	153,342,549

TABLE III D

1957 Acreage Reserve Program Signed Agreements
Reported Through March 22, 1957

(Rice)

State	Agreements Signed	Acreage Reserve	Compensation Obligated
Alabama	None		
Arizona	None		
Arkansas	1,770	53,536	$ 3,284,058
California	777	57,933	4,201,048
Florida	4	251	7,288
Georgia	None		
Illinois			
Kansas	None		
Kentucky	None		
Louisiana	1,355	39,916	2,344,632
Maryland	None		
Mississippi	135	12,788	770,868
Missouri	23	726	47,783
Nevada	None		
New Mexico	None		
North Carolina	1	12	564
Oklahoma	1	149	7,897
South Carolina	14	897	26,098
Tennessee	5	432	27,660
Texas	498	37,708	2,347,513
Virginia	None		
Totals	4,583	204,348	13,065,409

TABLE IIIE

1957 Acreage Reserve Program Signed Agreements

Reported Through March 22, 1957

Tobacco

State	Agreements Signed	Acreage Reserve	Compensation Obligated
	Flue Cured, Types 11-14		
Alabama	99	170	$ 32,569
Florida	1,774	3,330	765,556
Georgia	4,947	8,548	1,891,062
North Carolina	13,802	25,605	5,997,379
South Carolina	2,941	3,975	965,029
Virginia	2,229	3,989	957,945
Total	25,792	45,617	10,609,540
	Fire-Cured, Types 21-23		
Illinois			
Kentucky	2,236	3,086	484,177
Tennessee	1,385	1,993	327,316
Virginia	1,401	1,351	219,650
Total	5,022	6,430	1,031,143
	Burley, Type - 31		
Alabama	10	5	1,400
Arkansas	47	31	7,378
Georgia	69	31	8,238
Illinois			
Indiana	503	291	79,524
Kansas	23	41	8,904
Kentucky	3,831	2,600	622,127
Missouri	341	356	88,033
North Carolina	1,007	422	130,888
Ohio	685	400	108,202
Pennsylvania			
South Carolina	3	1	264
Tennessee	3,925	2,070	505,071
Texas	2	1	136
Virginia	526	238	69,632
West Virginia	446	259	72,491
Total	11,418	6,746	1,702,288
	Maryland, Type 32		
Delaware			
Maryland	1,354	5,812	830,089
Virginia	43	21	3,054
Total	1,397	5,833	833,143

TABLE III F

1957 Acreage Reserve Program Signed Agreements
Reported Through March 22, 1957

(Tobacco)

State	Agreements Signed	Acreage Reserve	Compensation Obligated
	Dark Air Cured, Types 35-36		
Indiana	12	6	$ 985
Kentucky	2,739	1,567	245,854
Tennessee	269	108	18,170
Total	3,020	1,681	265,009
	Virginia Sun-Cured, Type 37		
Virginia	1,564	2,238	299,083
	Cigar Filler, Types 42-44		
Ohio	130	371	54,155
Pennsylvania	3	3	352
Total	133	374	54,507
	Cigar Binder, Type 51		
Connecticut	873	4,102	1,328,714
Massachusetts	2	11	3,775
Total	875	4,113	1,332,489
	Cigar Binder, Type 52		
Connecticut	260	898	285,021
Massachusetts	867	2,884	961,072
New Hampshire	1	1	279
Vermont	1	6	2,100
Total	1,129	3,789	1,248,472
	Cigar Binder, Type 54		
Illinois			
Indiana			
Wisconsin	243	668	87,179
Total	243	668	87,179
	Cigar Binder, Type 55		
Iowa	1	1	133
Minnesota	39	71	11,616
Wisconsin	1,073	2,126	329,871
Total	1,113	2,198	341,620
All Types	51,706	79,687	17,804,473
All Commodities	916,672	20,586,001	584,873,027

CONSERVATION RESERVE PROGRAM

Main Features

1. Objective - The purpose of the Conservation Reserve Program is to assist producers to reduce production of crops through shifting acreage to long-range conservation uses, by sharing the cost of establishment of conservation practices and making an annual payment for keeping such acreage in the conservation reserve.

2. Removing land from production - A producer who wishes to participate in the Conservation Reserve Program must sign a contract in which he agrees to remove land from the production of crops and devote it exclusively to conservation uses. This land is placed in the conservation reserve. The producer may be paid most of what it costs to establish protective cover or certain other conservation practices, or may be furnished with materials and services for conservation work on the conservation reserve. The producer also receives an annual payment to compensate him for keeping the land out of production.

3. Use of land in conservation reserve - A producer participating in the program agrees, among other things, (a) to establish and/or maintain protective cover (grasses, legumes, or trees), water storage, or some other approved conservation practice on designated acres, (b) not to harvest any crops from these acres, except timber in keeping with good forestry management, (c) not to pasture these acres during the contract period, and (d) to limit the acreage on the farm of what are called "soil bank base crops".

4. Duration of program and length of contracts - The program is effective for 5 calendar years from 1956 through 1960. The minimum conservation reserve contract is for 3 years, the maximum 10 years, except for tree cover which may be 15 years. Three-year contracts apply only to land on which adequate protective cover exists and no cost-sharing practices are required.

5. General provisions - Among other things (a) producers must be in compliance with all acreage allotments and Soil Bank corn base acreage, except that if the wheat allotment is less than 15 acres the farm may not have more than 15 acres of wheat, and if the peanut allotment is less than 1 acre the farm may have not more than 1 acre of peanuts, (b) tenants and sharecroppers have full right to share in benefits, and (c) a farmer's historical acreage for allotment purposes will be protected.

1956 and 1957 Conservation Reserve Programs

1. Contracts and practices - On August 19, 1956, the Secretary announced the requirements for participation in the Conservation Reserve Program. For participation in the 1956 program, producers were required to enter into contracts on or before November 30, 1957. For the 1957 program, contracts must be entered into on or before April 15, 1957.

Generally the minimum acreage that will be accepted is 5 acres, but it can be only 2 acres if trees are planted.

Contracts will be for 3 years where vegetative cover is already adequate, and for 5 or 10 years depending on the type of practice to be established.

Violations of the Conservation Reserve contract may result in its cancellation and the recovery of payments made under it. Willful grazing or harvesting is subject to a civil penalty of 50 percent of the payment for the year in which it occurs, in addition to the loss of any payment due that year.

Eligible practices to be carried out under the programs are as follows:

1. Initial establishment of a permanent vegetative cover for soil protection or as a needed land use adjustment.

2. Initial treatment of farmland with liming materials, rock phosphare, or gypsum to permit the use of legumes and grasses for soil improvement and protection.

3. Initial establishment of a stand of trees and shrubs on farmland for erosion control, watershed protection, or forestry purposes.

4. Constructing dams, pits, or ponds as a means of protecting vegetative cover and for irrigation water. (The use of such water for irrigating land other than on the conservation reserve acreage is not permitted during the period of the contract).

5. Establishment of vegetative cover for either winter or summer protection from erosion.

6. The following practices are designed primarily to protect and conserve wildlife resources:

   a. Establishment and management of cover specifically beneficial to wildlife.

   b. Water and marsh management to benefit fish and wildlife.

   c. Constructing dams or ponds for fish.

2. Cost sharing - The maximum share of the cost which the Federal Government will bear for carrying out an approved practice on the conservation reserve acreage is 80 percent of the average cost of performing the practice, except that (1) the practices for the establishment of water and marsh management to benefit fish and wildlife and constructing dams or ponds for fish are on a sliding scale ranging from 80 percent of the first $625 to 20 percent of the cost from $1,000 to $1,500 and (2) the practice for the establishment and management of cover specifically beneficial to wildlife is based on the cost of establishing vegetative, tree, or shrub cover as provided in other specified practices.

3. Payments - Two kinds of payments are made under the Conservation Reserve program. They are:

(a) A cost-sharing payment to assist in the establishment of soil and water conservation practices on the land designated for the Conservation Reserve. This payment, determined by State and county ASC

committees, can range up to 80 percent of such costs. It will be made only in case of contracts covering a period of at least 5 years.

(b) An annual payment on the land put in the Conservation Reserve. This will be a per-acre rate multiplied by the number of acres put in the Conservation Reserve. The national average per-acre rate is $10.00 for the reserve acreage representing a reduction in Soil Bank base crops. This will vary among States and counties. The annual payment per acre will be 30% of the above rate where the reserve acreage requires no reduction in Soil Bank base crops. Annual payment rates per acre by States for the 1956 and 1957 programs are as follows:

State	Annual Rate	State	Annual Rate
Alabama	$8.00	Nebraska	$9.00
Arizona	9.00	Nevada	7.00
Arkansas	9.00	New Hampshire	10.00
California	12.00	New Jersey	13.00
Colorado	8.00	New Mexico	8.00
Connecticut	13.00	New York	11.00
Delaware	12.00	North Carolina	10.00
Florida	8.00	North Dakota	9.00
Georgia	8.00	Ohio	12.00
Idaho	11.00	Oklahoma	9.00
Illinois	12.00	Oregon	12.00
Indiana	12.00	Pennsylvania	11.00
Iowa	12.00	Rhode Island	12.00
Kansas	10.00	South Carolina	9.00
Kentucky	10.00	South Dakota	9.00
Louisiana	10.00	Tennessee	10.00
Maine	9.00	Texas	10.00
Maryland	12.00	Utah	11.00
Massachusetts	13.00	Vermont	10.00
Michigan	11.00	Virginia	10.00
Minnesota	11.00	Washington	13.00
Mississippi	10.00	West Virginia	10.00
Missouri	9.00	Wisconsin	10.00
Montana	9.00	Wyoming	8.00

Both payments may be made for the year in which a conservation practice is first established if the land has not been grazed or cropped that year. The annual payment will continue to be made each year the contract is in effect and contract conditions are met. Total annual payments to any producer, for any year, and with respect to all farms in which he has an interest, are limited to $5,000. Under certain conditions, this limitation may be increased by the Secretary of Agriculture.

For farms on which land is entered in the Conservation Reserve, County ASC committees will establish a "farm Soil Bank base." Briefly, this "base" is the average acreage devoted to crops, other than hay and forage, for harvest on the farm in the two years immediately prior to the year the contract becomes effective.

Under the Conservation Reserve Contract a farmer agrees not to produce Soil Bank base crops in excess of his farm "base" less the amount of land placed in the Conservation Reserve. He also agrees that if any acreage allotment, or the Soil Bank corn base acreage, for the farm is exceeded in any year the contract is in force, the farm is ineligible for Conservation Reserve payments. Land in the Conservation Reserve cannot be cropped or grazed while the contract is in force, except that the Secretary of Agriculture may permit grazing under emergency conditions.

4. Goals - The conservation reserve goals for the 1956 and 1957 programs are as follows:

State	1956 (1,000 acres)	1957 (1,000 acres)	State	1956 (1,000 acres)	1957 (1,000 acres)
Alabama	75 to 110	360	Nebraska	160 to 235	790
Arizona	10 to 15	50	Nevada	3 to 5	17
Arkansas	85 to 130	435	New Hampshire	5 to 9	24
California	100 to 150	495	New Jersey	10 to 15	50
Colorado	130 to 200	640	New Mexico	30 to 40	135
Connecticut	5 to 9	27	New York	90 to 135	450
Delaware	5 to 10	18	North Carolina	50 to 75	275
Florida	25 to 35	125	North Dakota	240 to 360	1,200
Georgia	80 to 120	390	Ohio	100 to 150	480
Idaho	50 to 75	265	Oklahoma	140 to 210	710
Illinois	130 to 200	680	Oregon	50 to 75	260
Indiana	100 to 150	505	Pennsylvania	75 to 110	365
Iowa	180 to 270	900	Rhode Island	1 to 2	4
Kansas	275 to 415	1,385	So.Carolina	40 to 60	195
Kentucky	115 to 175	585	So.Dakota	125 to 185	620
Louisiana	55 to 85	280	Tennessee	100 to 150	520
Maine	15 to 20	70	Texas	350 to 525	1,680
Maryland	20 to 30	100	Utah	15 to 25	85
Massachusetts	6 to 10	35	Vermont	15 to 20	70
Michigan	100 to 150	485	Virginia	50 to 75	260
Minnesota	150 to 225	735	Washington	85 to 125	430
Mississippi	70 to 100	355	West Virginia	20 to 30	110
Missouri	165 to 250	830	Wisconsin	125 to 190	640
Montana	150 to 225	760	yoming	25 to 35	120
			National Goals -	4,000 - 6,000	20,000

5. Funds authorized - the program authorization for the 1957 program is for payment of practices to be completed on land placed under contract in 1957 and for the 1957 annual payment due on contracts entered into in 1956 and 1957. The original authorizations were $300,000,000. It is expected that the program will require $225,000,000 for annual payments to be made and for practices completed in the calendar year 1957. The original authorizations for the 1957 program are shown in the following table:

State	1956-1957 Authorization	State	1956-1957 Authorization
Alabama	$ 6,037,000	Nebraska	$ 9,571,000
Arizona	556,000	Nevada	172,000
Arkansas	7,160,000	New Hampshire	482,000
California	6,777,000	New Jersey	1,042,000
Colorado	6,237,000	*New Mexico	1,262,000
Connecticut	589,000	New York	9,258,000
Delaware	383,000	North Carolina	4,943,000
Florida	2,119,000	North Dakota	12,970,000
Georgia	7,422,000	Ohio	9,247,000
Idaho	2,902,000	Oklahoma	8,809,000
Illinois	12,569,000	Oregon	3,075,000
Indiana	9,602,000	Pennsylvania	7,265,000
Iowa	15,850,000	Rhode Island	87,000
Kansas	15,507,000	South Carolina	3,525,000
Kentucky	10,516,000	*South Dakota	6,842,000
Louisiana	5,038,000	Tennessee	9,884,000
Maine	1,424,000	*Texas	21,667,000
Maryland	2,147,000	Utah	1,055,000
Massachusetts	754,000	Vermont	1,427,000
Michigan	8,929,000	Virginia	5,102,000
Minnesota	11,274,000	Washington	5,461,000
Mississippi	6,311,000	West Virginia	2,089,000
Missouri	13,865,000	Wisconsin	12,162,000
Montana	7,561,000	Wyoming	1,074,000
			$300,000,000

6. Program progress - The Soil Bank Act, approved May 28, 1956, did not become available until late in the 1956 planting season. Farmers had only limited opportunities to use the program the first year. The participation in 1956 is encouraging. The progr ss report as of December 31, 1956 on the 1956 program is shown in Table IV.

* Authorizations for New Mexico, South Dakota, and Texas were later increased to $9,500,000, $9,123,000 and $28,889,000.

TABLE IV

1956 Conservation Reserve Program

Preliminary Progress Report Through December 31, 1956

State and Region	Net number of participating farms	Total acreage earning annual payment	Total annual payment	Amount of practice payments	Total payments
Maine	216	$ 6,472	$ 35,318	$ 11,083	$ 46,401
N. H.	6	106	353	0	353
Vt.	29	589	1,991	6,118	8,109
Mass.	4	104	845	0	845
R. I.	-	-	-	-	-
Conn.	-	-	-	-	-
N. Y.	430	12,447	107,055	5,106	112,161
N. J.	24	883	8,543	0	8,543
Pa.	61	1,679	16,681	1,514	18,195
N. Atl.	770	22,280	170,786	23,821	194,607
Ohio	121	3,084	27,309	5,440	32,749
Ind.	58	1,546	13,141	4,258	17,399
Ill.	14	502	4,700	1,156	5,856
Mich.	465	14,987	89,952	0	89,952
Wisc.	520	15,235	123,043	0	123,043
Minn.	349	13,825	128,334	0	128,334
Iowa	81	2,221	23,605	0	23,605
Mo.	150	5,081	35,608	17,260	52,868
N. Dak.	56	1,634	15,578	9,620	25,198
S. Dak.	272	18,171	141,410	15,667	157,077
Nebr.	164	7,005	55,612	3,373	58,985
Kans.	406	32,750	308,867	2,595	311,462
N. Cent.	2,656	115,941	967,159	59,369	1,026,528
Del.	3	54	526	0	526
Md.	62	1,909	20,658	0	20,658
Va.	42	1,034	8,591	47	8,638
W. Va.	11	163	804	327	1,131
N. C.	198	3,927	38,101	45,518	83,619
S. C.	447	13,722	121,872	12,371	134,243
Ga.	1,394	60,154	473,696	278,302	751,998
Fla.	225	12,180	90,975	34,293	125,268
S. Atl.	2,382	93,143	755,223	370,858	1,126,081
Ky.	69	1,977	15,406	8,747	24,153
Tenn.	154	3,380	29,549	40,219	69,768
Ala.	423	8,110	61,381	58,412	119,793
Miss.	156	5,368	53,092	21,404	74,496
Ark.	172	7,173	54,076	18,319	72,395
La.	76	2,172	15,618	3,732	19,350
Okla.	1,279	94,274	840,433	33,206	873,639
Tex.	5,679	595,489	5,617,091	20,408	5,637,499
S. Cent.	8,008	717,923	6,686,646	204,447	6,891,093
Mont.	20	1,770	16,886	1,383	18,269
Idaho	49	10,582	83,842	64,312	148,154

Continued

TABLE IV

1956 Conservation Reserve Program - Continued

Preliminary Progress Report Through December 31, 1956

State and Region	Net number of participating farms	Total acreage earning annual payment	Total annual payment	Amount of practice payment	Total payments
Wyo.	5	$ 628	$ 5,025	$ 0	$ 5,025
Colo.	753	148,694	1,022,603	8,153	1,030,756
N. Mex.	1,680	311,700	2,547,631	0	2,547,631
Ariz.	-	-	-	-	-
Utah	130	15,842	148,099	22,833	170,932
Nev.	-	-	-	-	-
Wash.	20	1,042	11,638	696	12,334
Oreg.	15	1,350	11,912	6,226	18,138
Calif.	8	767	8,059	22,075	30,134
West.	2,680	492,375	3,355,695	125,678	3,981,373
Total	16,496	1,441,662	12,435,509	784,173	13,219,682

The closing date for entering into an agreement under the 1957 program is April 15, 1957. The progress report as of February 15, 1957 is shown in following Table V:

TABLE V

1957 Conservation Reserve Program Progress Report
through March 15, 1957

State and region	Contracts in effect as of report date	Total acres	Estimated annual payment	Estimated practice payment for 1957 practices	Estimated total 1957 obligations on contracts in effect as of report date
	Number	Acres	Dollars	Dollars	Dollars
Maine	385	11,283	55,076	136,643	191,719
N. H.	18	201	701	3,165	3,866
Vt.	85	1,533	4,925	28,278	33,203
Mass.	4	109	1,036	2,040	3,076
R. I.	-	-	-	-	-
Conn.	2	30	354	400	754
N. Y.	1,105	37,828	318,326	616,437	934,763
N. J.	70	2,722	28,957	28,595	57,552
Pa.	443	12,546	115,189	65,416	180,605
N. Atl.	2,112	66,252	524,564	880,974	1,405,538
Ohio	371	11,231	112,093	85,306	197,399
Ind.	308	9,185	86,090	113,673	199,763
Ill.	156	5,328	60,223	124,273	184,496
Mich.	1,373	53,488	397,736	350,540	748,276
Wisc.	2,612	102,339	891,653	977,752	1,869,405
Minn.	4,457	316,447	2,995,810	1,633,122	4,628,932
Iowa	554	23,896	242,722	198,454	441,176
Mo.	1,272	47,107	395,617	1,250,000	1,645,617
N. Dak.	2,169	287,960	2,844,012	1,629,864	4,473,876
S. Dak.	3,245	377,127	3,099,495	2,971,125	6,070,620
Nebr.	530	39,716	250,836	167,609	418,445
Kans.	1,590	114,671	1,097,122	890,000	1,987,122
N. Cent.	18,637	1,388,495	12,473,409	10,391,718	22,865,127
Del.	19	729	7,654	10,000	17,654
Md.	224	8,318	88,462	93,028	181,490
Va.	158	3,464	28,038	40,695	68,733
W. Va.	36	548	3,449	4,216	7,665
N. C.	1,076	23,560	225,136	355,633	580,769
S. C.	2,224	83,382	737,962	761,792	1,499,754
Ga.	3,971	182,812	1,425,108	1,701,441	3,126,549
Fla.	790	54,050	399,673	437,866	837,539
S. Atl.	8,498	356,863	2,915,482	3,404,671	6,320,153
Ky.	471	15,605	127,375	224,841	352,216
Tenn.	1,100	32,953	301,402	793,147	1,094,549
Ala.	1,382	38,539	297,444	401,796	699,240
Miss.	742	26,667	263,538	330,227	593,765
Ark.	884	37,268	300,028	346,006	646,034
La.	288	10,050	68,394	65,315	133,709
Okla.	3,005	202,493	1,784,455	1,139,160	2,923,615
Tex.	14,443	1,587,541	15,263,995	10,177,940	25,441,935
S. Cent.	22,315	1,951,116	18,406,631	13,478,432	31,885,063

Continued

TABLE V

1957 Conservation Reserve Program Progress Report
Through March 15, 1957 - Continued

State and region	Contracts in effect as of report date	Total acres	Estimated annual payment	Estimated practice payment for 1957 practices	Estimated total 1957 obligations on contracts in effect as of report date
	Number	Acres	Dollars	Dollars	Dollars
Mont.	247	40,529	339,831	247,001	586,832
Idaho	115	25,447	199,169	120,598	319,767
Wyo.	93	14,147	98,585	55,449	154,034
Colo.	1,276	244,656	1,730,469	1,234,172	2,964,641
N. Mex.	2,632	577,262	4,703,353	1,981,790	6,685,143
Ariz.	18	2,138	29,166	17,124	46,290
Utah	327	60,435	536,359	393,387	929,746
Nev.	-	-	-	-	-
Wash.	72	6,229	65,726	54,661	120,387
Oreg.	148	12,923	132,827	188,482	321,309
Calif.	97	16,348	162,834	229,693	392,527
West.	5,025	1,000,114	7,998,319	4,522,357	12,520,676
U. S.	56,587	4,762,840	42,318,405	32,678,152	74,996,557

COMMODITY STABILIZATION SERVICE

Summary of Appropriations, 1957 and Estimates, 1958 a/

Item	Appropriated, 1957	Budget Estimates, 1958	Increase (+) or Decrease (-)
Acreage allotment and marketing quotas	$40,963,000	$43,000,000	+$2,037,000
Sugar Act program	67,600,000	72,200,000	+ 4,600,000
Total direct annual appropriations or estimates	108,563,000	115,200,000	+ 6,637,000

a/ Excludes administrative expense authorization for Commodity Credit Corporation.

ACREAGE ALLOTMENTS AND MARKETING QUOTAS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended.

These programs are designed to keep the production and marketing of basic commodities in line with demand in order to give each farmer a fair share of the available market and the total production.

The national acreage allotment (in the case of wheat and corn allotment for commercial producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level or if quotas were proclaimed for the kind of tobacco in the immediately preceding year unless quotas have been disapproved in three successive years subsequent to 1952. In this event a national marketing quota would not be proclaimed for any marketing year within the three-year period for which quotas were disapproved, unless prior to November 10 of the marketing year, one-fourth or more of the farmers petition the Secretary to proclaim a national marketing quota for each of the next three succeeding marketing years. Marketing quotas must be proclaimed for peanuts each calendar year regardless of the supply situation; for upland cotton when the total supply exceeds the normal supply, for extra long staple cotton when the total supply exceeds the normal supply by more than 8 percent, and for wheat, and rice when the total supply exceeds the normal supply by 20 and 10 percent, respectively. Marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, do not apply to corn.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in naticnal emergencies.

	Estimated Available, 1957	Budget Estimate, 1958
Appropriated funds	$41,200,000	$43,000,000

(a) Acreage Allotments and Marketing Quotas

Appropriation Act, 1957	$41,200,000
Activities transferred in the 1958 estimates to "Marketing Research and Service, Agricultural Marketing Service" for special statistics for basic commodities	-237,000
Base for 1958	40,963,000
Budget Estimate, 1958	43,000,000
Increase	+2,037,000

SUMMARY OF INCREASES AND DECREASES, 1958

To increase salaries of county office employees to a level equal to that of Federal employees and employees of private concerns in comparable work (second year of a three-year program)	+2,285,000
Contribution to retirement fund pursuant to Public Law 854	+291,000
Decrease due to savings under this appropriation because some operations at the local level (such as measurement of farm acreage) can be done concurrently for this program and for the Soil Bank Program, with a resultant smaller expense to each program	-539,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
Acreage allotments and marketing quotas	$38,900,534	$40,963,000	+$291,000	+$1,746,000(1)	$43,000,000
Unobligated balance	17,172				
Total retirement costs (P.L. 854)			[+291,000]	[- -]	[291,000]
Total available or estimate	38,917,706	40,963,000	+291,000(2)	+1,746,000	43,000,000
Transfer in 1958 estimate to "Marketing Research and Service, Agricultural Marketing Service"	232,294	237,000			
Total appropriation or estimate	39,150,000	41,200,000			

BASIS FOR 1958 ESTIMATE

The 1958 estimate is based on the assumption that acreage allotments and marketing quotas will be in effect on the 1957 and 1958 crops of tobacco, peanuts, cotton, and rice; that acreage allotments will be in effect on corn, and that acreage allotments and marketing quotas will be in effect on the 1959 crop of wheat. Work in 1958 will consist of the following:

Tobacco. Completing measurement of the 1957 crop, measuring approximately 48 percent of the 1958 acreage, collecting and compiling basic data, establishing acreage allotments, preparing and mailing notices, handling appeals, holding referendums on fire-cured and dark air-cured tobaccos to determine whether farmers favor quotas for three years beginning with the 1958 marketing year, and administering quotas on the 1956 and 1957 crops.

Peanuts. Completing measurement of the 1957 crop, measuring approximately 54 percent of the 1958 acreage, collecting and compiling basic data, establishing acreage allotments, preparing and mailing notices, handling appeals, and administering quotas on the 1956 and 1957 crops.

Wheat. Completing measurement of the 1957 crop measuring approximately 95 percent of the 1958 crop, collecting and compiling basic data, establishing acreage allotments, preparing and mailing notices, handling appeals, holding a referendum to determine whether farmers favor quotas for the 1958 crop, performing preliminary work in connection with a 1959-crop program, and administering quotas on the 1956 and 1957 crops.

Cotton. Completing measurement of the 1957 crop, measuring approximately 65 percent of the 1958 acreage, collecting and compiling basic data, establishing acreage allotments, preparing and mailing notices, handling appeals, holding a referendum to determine whether farmers favor quotas for the 1958 crop, and administering quotas on the 1956 and 1957 crops.

Corn. Measuring approximately 46 percent of the 1957 crop and 19 percent of the 1958 acreage, collecting and compiling basic data, establishing acreage allotments, and preparing and mailing notices.

Rice. Completing measurement of the 1957 crop, measuring approximately 43 percent of the 1958 acreage, collecting and compiling basic data, establishing acreage allotments, preparing and mailing notices, handling appeals, holding a referendum to determine whether farmers favor quotas for the 1958 crop, and administering quotas on the 1956 and 1957 crops.

(1) A net increase of $1,746,000 composed of an increase of $2,285,000 for Agricultural Stabilization and Conservation county committee pay costs and a reduction of $539,000 in Agricultural Stabilization and Conservation county committee expenses.

(a) The increase of $2,285,000 represents this appropriation's share of the second year's cost of a three-year program to improve the effectiveness of county committee operations by increasing salaries of county office employees to a level at least commensurate with their

responsibilities and competitive with those paid by Federal agencies and private industry in the same area. A detailed statement with respect to these pay increases is presented in the following pages.

(b) The decrease of $539,000 is possible since some of the work on Acreage Allotment and Marketing Quota Programs and the Acreage Reserve Program under the Soil Bank Act can be performed simultaneously. For example, measurement of a farm to determine compliance with the acreage allotment for a commodity may in some cases be done at the same time the designated acreage reserve is being measured under the Acreage Reserve Program, thus resulting in savings of travel time and expense to both programs.

PAY INCREASES FOR ASC COUNTY COMMITTEE EMPLOYEES

Review of Plan

In response to a request made by the Department in the fiscal year 1957 Budget, the Congress approved a plan for a three-year schedule to increase the rates of pay for county committee employees to a level at least reasonably commensurate with their responsibilities and comparable to and competitive with those paid by Federal agencies or by private employers in the same area. The purpose of the plan is to improve the efficiency of county office operations by providing the means with which they may employ and retain better qualified personnel. The total costs as estimated in the 1957 Budget were approximately $18,000,000 and contemplated increments of about $6,000,000 each year for three successive years.

County Office Managers - New procedures for county office manager reclassification under the revised county office job reclassification and pay plan were issued in June 1956. Reclassification of county office managers was largely completed by September 1, 1956. Features of the new plan for county office managers are stronger qualifications, work analysis and job evaluation, and corresponding increases in the pay scales.

The previous pay scale provided ten grades from grade OM-1 with a salary range from $2,300 to $2,780 per annum to grade OM-10 with a salary range from $5,000 to $5,720. The current pay scale provides four grades from grade CO-7 with a salary range from $3,330 to $5,285 per annum, including 21 regular and 9 longevity steps to grade CO-10 with a salary range from $6,400 to $7,615 per annum including 7 regular and 3 longevity steps.

Qualifications previously required for office manager positions were two years of farm experience or the equivalent in agricultural training or experience in agricultural organizations including ASC county offices, two years of high school for the first 5 grades, graduation from high school for grades 6 to 10; 18 months' experience in an ASC county office for grades 1 to 5, and 24 months' for grades 6 to 10. Field work or office work for other agricultural agencies could be substituted three months for two, and college education in the fields of agriculture or business administration could be substituted two months for one. Age limits were 19 to 65. Other requirements were good character and temperament and personality suitable for dealing with farmers, businessmen, and others.

Qualifications presently required are as follows:

Minimum length of experience required

Grade	Salary Range	Total years of experience	Minimum required Type A experience	Maximum Type B experience
CO-10	$6400-$7615	6	3	3
CO-9	4860- 7155	5	2	3
CO-8	4050- 6165	4	1	3
CO-7	3330- 5285	3	1	2

Type A experience -
Experience as employee in operational phases of farm programs.
Experience as ASC State or county committeeman.
Experience as a county office manager trainee 2 months for 1.

Type B experience -
1. Practical farm experience.
2. Experience as manager or employee of local business dealing mainly or extensively with farmers.

College education with specialization in farming, business or public administration, or accounting or statistics may be substituted for type A and/or B experience at the ratio of 1 year to 9 months not to exceed 3 years of experience. Graduation from high school or equivalent is a prerequisite for all grades.

Age limits, requirement of U. S. citizenship, character, temperament and personality are unchanged.

The present plan also includes a work analysis procedure which measures the workload of each county office and expresses it numerically. By the use of a job evaluation scale which relates workload numbers to grades, the workload of each county office is used to determine the CO grade of the county office manager.

County Office Employees - New procedures for reclassification of county office subordinate positions, except field positions under the revised county office job classification and pay plan were issued in August 1956. Based on these new procedures, the State ASC offices have proposed the initial reclassifications and they were authorized to proceed to make the proposed reclassifications effective January 1, 1957. Features of this plan are similar to those of the plan for reclassification of county office managers, except that no workload analysis is involved.

The previous pay scale for county office employees provided eight grades from grade OE-1 with a salary range from $1,880 to $2,240 to grade OE-8 with a salary range from $3,400 to $3,880. The current pay scale provides eight grades from grade CO-1 with a salary range from $2,100 to $3,325 including 21 regular and 9 longevity steps to grade CO-8 with a salary range from $4,050 to $6,165 including an equal number of steps.

Qualifications previously required for subordinate positions were, U. S. citizenship; age 16 to 60 for grades 1 to 4, 18 to 60 for grades 5 to 8; 2 years of high school; 12 months' experience in ASC county office for grades 5 to 8 with possible substitution of 3 months of other office work for 2 months in county office experience, or 2 months of college training in agriculture or business for one month of county office experience; good character and temperament and personality suitable for dealing with farmers and others.

Qualifications presently required are U. S. citizenship; age 16 to 60; graduation from high school; good character, temperament and personality suitable for dealing with farmers; ability to use office machines or other special skills and minimum experience as outlined below:

Grade	Salary Range	Total years of experience	Minimum required Type A experience	Maximum Type B experience
CO-8	$4050 - $6165	4	1½	2½
CO-7	3330 - 5285	3	1½	1½
CO-6	3110 - 4700	2½	1	1½
CO-5	2900 - 4450	2	1	1
CO-4	2700 - 4200	1	½	½
CO-3	2550 - 3820	0	-	-
CO-2	2300 - 3565	0	-	-
CO-1	2100 - 3325	0	-	-

Type A and type B experience is similar to that described for county office managers and it is further specifically defined for certain positions such as chief clerk, general clerk, program clerk, administrative clerk, planimeter operator, etc. Education above high school level may be substituted for experience to some extent.

County Field Employees - The last part of the over-all plan involves the need for a detailed review and analysis of qualifications, workload, job evaluation, pay scales of county field employees and the development of appropriate recommendations. The classification and pay problems in connection with this group are inherently different from those of county office managers or office employees. Most field employees are employed on a seasonal basis with no assurance of employment over extended periods of time. Recruitment is necessarily restricted to local manpower resources, which may be plentiful in one area and scarce in another. Considerable flexibility in both standards and pay rates must therefore be a part of any plan developed. This phase of the plan, which has not yet been developed, will require unusually careful study before a final plan is adopted.

Under the present regulations, the county office manager employs necessary field personnel based on qualification standards furnished by each ASC State Office. There are four grades established, ranging from FE-1 with a minimum of $8.00 per day to a maximum of $9.00 per day, to FE-4, with a minimum of $13.00 per day to a maximum of $17.00 per day. On this basis, the salary of the lowest paid field employee is set at an annual rate of

$610 below the entrance salary of the lowest clerical worker in the classified Civil Service. It is estimated that there will be 10,532 man-years of field personnel employed in the fiscal year 1957.

Changes in Total Estimate - The enactment of the Soil Bank Act and the assignment of responsibility for its administration primarily through the ASC county committees has necessitated a substantial revision of total costs over the 3- year period. Based on the estimated workload required, it is estimated that the Soil Bank Program will require 14,395 man-years out of a total of 39,213 required in the county offices. This estimate is subject to adjustment since it was developed in a large part from unit costs and manpower required on acreage allotment programs. Soil Bank experience to date is very limited and is not representative of future requirements. In view of the additional personnel required for Soil Bank activities it is necessary that Soil Bank funds bear a proportionate share of county pay increase costs. Following is the estimate of increased requirements from each appropriation which advances funds to, or reimburses, "Local Administration, Section 388, Agricultural Adjustment Act of 1938, Agriculture", for the revised 3-year program:

	Fiscal Year 1957 (Available)	Fiscal Year 1958 (Estimated)	Fiscal Year 1959 (Estimated)	Total
Agricultural Conservation Program	$1,438,000	$1,438,000	$1,438,000	$4,314,000
Agricultural Adjustment Program	2,085,000	2,285,000	2,185,000	6,555,000
Sugar Program	45,520	45,520	45,520	136,560
Soil Bank Program	3,416,859	3,438,633	3,177,049	10,032,541
CCC Programs	1,849,184	1,849,184	1,849,184	5,547,552
Other	530,805	455,145	455,145	1,441,095
Total	9,365,368	9,511,482	9,149,898	28,026,748

	Average Salary 1956	Proposed Average Salary 1957	1958	1959	Federal Grade	Rate
County office manager	$3,900	$4,808	$5,440	$5,440	GS-9	$5,440
Office employees	2,461	2,774	2,975	3,175	GS-3	3,175
Field employees	2,858	3,133	3,431	3,670	GS-5	3,670
Average	2,756	3,016	3,276	3,471	-	-

(2) An increase of $291,000 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), [$41,200,000] $43,000,000, of
1 which not more than [$6,343,100] $6,380,100 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938".

The proposed change increases the amount which may be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938", from $6,343,100 to $6,380,100. The net increase of $37,000 is composed of an increase of $274,000 for retirement costs pursuant to Public Law 854, and a decrease of $237,000 which represents a proposed transfer in the 1958 estimates to the appropriation "Marketing research and service, Agricultural Marketing Service" for crop estimates data.

STATUS OF PROGRAM

Acreage allotment and marketing quota programs have been announced for the 1957 crops of flue-cured tobacco, peanuts, wheat, cotton, and rice. In a referendum held December 11, 1956, less than two-thirds of the farmers voting voted in favor of base acreages under the Soil Bank Act. Acreage allotments therefore will continue in effect.

TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS (953 counties)

The marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, treat each kind of tobacco as if it were a separate commodity. Quotas must be proclaimed whenever the total supply at the beginning of the marketing year exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year and for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco.

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during that year, a supply equal to the reserve supply level. The poundage quotas are converted to acreage allotments on the basis of average yields during the five calendar years immediately preceding the calendar year in which the quotas are proclaimed. Quotas proclaimed for 1956 and 1957 are as follows:

Kind of tobacco	Number of pounds		Approx. No. of Acres	
	1957	1956	1957	1956
	(1,000 lbs.)			
Flue-cured	932,000	1,130,000	712,600	887,584
Burley	a/	428,492	a/	308,707
Fire-cured	a/	57,625	a/	50,113
Dark air-cured	a/	24,773	a/	20,730
Virginia sun-cured	a/	5,600	a/	5,526
Cigar filler and binder	a/	61,600	a/	38,371
Southern Maryland	a/	44,388	a/	53,353
Pennsylvania filler		37,800 b/		

a/ To be announced not later than February 1, 1957, pursuant to Public Law 609, 84th Congress.

b/ Disapproved in referendum held December 29, 1955.

Referendum - Within 30days after issuance of proclamation of quotas, a referendum must be held. Farmers vote for quotas for three years and quotas become effective only if approved by at least two-thirds of the farmers voting. The only kind of tobacco with respect to which a referendum must be held is cigar filler and binder. Farmers will vote on whether they favor marketing quotas for three years beginning with the 1957 marketing year.

Number of Allotment Farms and Acreage Allotted, 1957 and 1956 Crops

State and Kind of Tobacco	1957 Crop: Acreage Allotted (Prelim.)	1956 Crop: Estimated Number of Farms	1956 Crop: Acreage Allotted
Flue-cured:			
Alabama	500	289	555.68
Florida	15,093	6,794	18,858.82
Georgia	72,119	28,761	90,074.72
North Carolina	469,285	126,821	586,059.41
South Carolina	82,539	26,525	103,032.84
Virginia	71,284	24,006	89,002.16
Reserve	1,780	--	--
Total	712,600	213,196	887,583.63
Burley:			
Alabama		34	28.85
Arkansas		74	52.48
Georgia		210	89.33
Illinois		20	6.50
Indiana		9,867	7,767.31
Kansas		74	95.64
Kentucky		151,746	200,242.64
Missouri		1,729	3,203.31
North Carolina		17,931	10,115.48
Ohio		11,533	9,987.08
Oklahoma		1	4.00
Pennsylvania		3	2.42
South Carolina		11	4.15
Tennessee		92,004	63,278.31
Texas		2	0.40
Virginia		17,110	10,972.71
West Virginia		4,818	2,856.13
Total	a/	307,167	308,706.74

State and Kind of Tobacco	1957 Crop: Acreage Allotted (Prelim.)	1956 Crop: Estimated Number of Farms	1956 Crop: Acreage Allotted
Fire-cured:			
Illinois		1	0.34
Kentucky		8,970	19,006.12
Tennessee		8,535	21,354.27
Virginia		7,420	9,752.67
Total	a/	24,926	50,113.40
Air-cured:			
Indiana		142	64.09
Kentucky		19,643	17,688.19
Tennessee		4,719	2,978.06
Total	a/	24,504	20,730.34
Sun-cured:			
Virginia	a/	4,159	5,526.22
Cigar filler and binder:			
Connecticut		1,570	9,819.63
Illinois		3	7.06
Indiana		1	1.47
Iowa		1	8.49
Massachusetts		1,015	5,019.98
Minnesota		133	249.09
New Hampshire		1	1.14
New York		154	187.12
Ohio		1,912	5,001.98
Pennsylvania		189	323.21
Vermont		1	7.09
Wisconsin		7,109	17,745.23
Total	a/	12,089	38,371.49
Southern Maryland:			
Maryland		6,928	53,314.36
Delaware		1	0.10
Virginia		106	38.94
Total	a/	7,035	53,353.40

a/ Not yet determined.

The amount of the national quota, less that portion set aside for "new farms" and small farms is apportioned among the States on the basis of the production in each State during the five calendar years preceding the calendar year in which the quota is proclaimed. Adjustments in State production data must be made to the extent necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases.

The Secretary is authorized to convert the State poundage quota into a State acreage allotment on the basis of average yield per acre of tobacco in the State during the five years preceding the year in which the quota is proclaimed with appropriate adjustments for abnormal conditions of production.

Where the State quota is converted to a State acreage allotment, farm acreage allotments are established on the basis of past acreage, adjusted for abnormal weather and plant diseases, land, labor, and equipment available for production of tobacco; crop-rotation practices and the soil and other physical factors affecting the production of tobacco. Local committees allot the acreage among the farms on which tobacco is produced. Where farm acreage allotments are established, the farm quota is the actual production of tobacco from the farm acreage allotment.

Tobacco marketed in excess of the farm marketing quota is subject to a penalty per pound of 75 percent of the average market price for such kind of tobacco for the preceding marketing year.

Whenever the Secretary determines that, under the marketing quotas and acreage allotments established for any kind of tobacco, the production of any one or more of the types comprising such kind of tobacco will not be sufficient to meet market demands and carryover requirements for such type or types of tobacco, the Secretary must make appropriate increases. The increases are made on the basis of production of such type or types of tobacco during the same period of years considered in establishing farm marketing quotas and acreage allotments for the kind of tobacco involved.

PEANUT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (497 counties)

Quotas must be proclaimed each year regardless of the supply situation. The national marketing quota must be equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions.

A national marketing quota for the 1956 crop of peanuts of 725,305 tons and a national acreage allotment of 1,610,000 acres were announced on November 9, 1956. Both the marketing quota and the national acreage allotment for the 1957 crop are at the minimum levels permitted by law.

In a referendum held December 11, 1956, approximately 94 percent of the farmers voting approved marketing quotas for three marketing years beginning with the 1957 marketing year.

Estimated Number of Allotment Farms and Acreage Allotted, 1957 and 1956 Crops

State	1957 Acreage allotment	Allotment farms	1956 Acreage allotment
Alabama	217,965	19,169	217,997
Arizona	717	25	717
Arkansas	4,220	457	4,220
California	940	25	940
Florida	54,777	5,500	54,800
Georgia	524,611	33,816	525,333
Louisiana	1,963	40	1,963
Mississippi	7,557	227	7,557
Missouri	246	2	246
New Mexico	4,906	468	5,388
North Carolina	168,813	18,607	191,758
Oklahoma	137,323	15,726	137,323
South Carolina	13,743	1,673	14,511
Tennessee	3,564	429	3,670
Texas	355,063	21,897	355,063
Virginia	105,542	8,958	120,645
Reserve for new farms	8,050	-	8,211
Total	1,610,000	127,063	1,650,342

The national marketing quota must be converted to a national acreage allotment by dividing the quota by the normal yield per acre of peanuts for the United States determined on the basis of the average yield per acre in the preceding five calendar years with necessary adjustments for trends in yields and for abnormal conditions of production.

The national acreage allotment less the acreage set aside for "new" farms is apportioned among the States on the basis of the State's share of the national acreage allotment for the preceding year.

The State acreage allotment is apportioned through local committees among farms on the basis of past acreage of peanuts, taking into consideration previous allotments, abnormal conditions, land, labor and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts.

Whenever the Secretary determines that, on the basis of average yields per acre by types, adjusted for trends and abnormal conditions, the supply of any type or types is insufficient to meet the demand for cleaning and shelling purposes at which the Commodity Credit Corporation may sell its stocks of such peanuts, the Secretary is required to make appropriate increases in State acreage allotments. No State, however, may be increased above the acreage harvested in the State in 1947.

The amount of the farm marketing quota is the actual production of the farm acreage allotment.

The marketing of peanuts in excess of the farm marketing quota, or the marketing of peanuts from any farm for which no acreage allotment was determined, is subject to a penalty at a rate equal to 75 percent of the support price for peanuts for the marketing year beginning in the calendar year in which such peanuts are produced.

Quotas are not applicable to any farm on which the acreage of peanuts harvested for nuts is one acre or less.

WHEAT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (2,510 counties)

Quotas must be proclaimed whenever in any calendar year the total supply for the marketing year beginning in such calendar year exceeds normal supply by more than 20 percent or the total supply is not less than normal supply and the average farm price for three successive months does not exceed 66 percent of parity.

On May 15, 1956, marketing quotas were proclaimed for the 1957 crop of wheat based upon the following determination of normal supply for the 1957 crop and the marketing quota position as indicated by the supply percentage.

Normal Supply the Marketing Quota Level	Million bushels (adj.)
1. Domestic consumption, 1955-56 (adjusted)	675 a/
2. Exports, 1956-57	275
3. Total (item 1 + item 2)	950
4. Allowance for carryover (20% of item 3)	190
5. Normal supply (item 3 + item 4)	1,140
6. Marketing quota level (120% of item 5)	1,368
Total supply and supply percentage	
7. Estimated carryover, July 1, 1956	1,080
8. Estimated production, 1956	870
9. Estimated imports, marketing year 1956-57	4
10. Total supply (item 7 + item 8 + item 9)	1,954
11. Supply percentage (item 10 ÷ item 5)	171.4%

a/ Adjusted to provide a more normal amount of wheat for domestic use.

Determination of National Acreage Allotment	Million Bushels
1. Normal year's domestic consumption	675
2. Normal year's exports	280
3. Total (item 1 + item 2)	955
4. 30% of normal year's domestic consumption and exports	286
5. Normal year's domestic consumption and exports plus 30%	1,241
6. Indicated carryover, July 1, 1957	1,045
7. Estimated imports, marketing year 1957-58	3
8. Total (item 6 + item 7)	1,048

	Million Bushels
9. Production needed in 1957 (item 5 - item 8)	193
10. National average yield per planted acre	15.6 bu.
11. National acreage allotment (item 9 ÷ item 10)	12,371,795 acres
12. Minimum national acreage allotment (established by law)	55,000,000 acres

State acreage allotments which are based on wheat acreages for the past ten years with adjustments for planting trends, weather, and other factors, were announced on May 16.

Acreage Allotments for Commercial Wheat States, 1957 and 1956 Crops

State	1956 Acreage Allotted	1957 Acreage Allotted
Arkansas	47,433	53,479
California	455,719	436,142
Colorado	2,702,237	2,766,025
Delaware	36,370	33,601
Georgia	105,624	103,143
Idaho	1,159,816	1,156,480
Illinois	1,384,461	1,414,575
Indiana	1,166,484	1,144,137
Iowa	139,443	115,485
Kansas	10,587,206	10,615,188
Kentucky	219,495	213,891
Maryland	187,546	178,898
Michigan	969,478	957,020
Minnesota	726,503	699,354
Missouri	1,163,686	1,253,735
Montana	4,002,138	4,042,623
Nebraska	3,200,332	3,234,827
New Jersey	55,141	53,859
New Mexico	465,924	470,705
New York	312,175	317,602
North Carolina	283,395	284,254
North Dakota	7,321,263	7,327,856
Ohio	1,594,233	1,558,108
Oklahoma	4,860,057	4,878,623
Oregon	819,522	819,060
Pennsylvania	620,185	600,754
South Carolina	133,488	136,151
South Dakota	2,749,275	2,746,578
Tennessee	199,261	198,701
Texas	4,227,136	4,149,071
Utah	314,994	314,303
Virginia	261,043	252,514
Washington	2,009,033	1,994,450
West Virginia	42,956	40,030
Wisconsin	45,147	40,215
Wyoming	303,725	298,678
Total, commercial area .	54,871,924	54,900,115
Total, noncommercial area	73,076	83,385
National reserve	55,000	16,500
Total	55,000,000	55,000,000

In a referendum held July 20, 1956, 87.5 percent of the farmers voting favored marketing quotas on the 1957 crop of wheat.

The national acreage allotment (less a reserve of not to exceed one percent thereof) is apportioned among States on the basis of the acreage seeded for the production of wheat during the 10 calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and for trends in acreage.

The State acreage allotment, less a reserve of not to exceed 3 percent thereof, is apportioned among the counties on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil conservation practices.

The allotment to the county is apportioned, through local committees, among farms on the basis of past acreage of wheat tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 percent of the county allotment must be apportioned to farms on which wheat has not been planted during any of the three marketing years preceding the marketing year in which the allotment is made.

The farm marketing quota is the actual production from the acreage planted to wheat on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres but it may not exceed the difference between the actual production on the farm less normal production of the acreage allotment. The rate of penalty on wheat is 45 percent of the parity price per bushel on wheat as of May 1 of the calendar year in which the crop is harvested. The penalty may be avoided by (1) storing farm marketing excess in accordance with regulations established by the Secretary or (2) delivering such excess to the Secretary for his disposal. The farm marketing excess is subject to penalty even though it is used on the farm.

A wheat marketing quota is not applicable to any farm on which the acreage planted to wheat does not exceed 15 acres or the normal production of the acreage planted to wheat of the current crop is less than 200 bushels. If, for any marketing year, the acreage allotment for wheat for any State is 25,000 acres or less, the Secretary may designate such State as outside the commercial wheat-producing area for such marketing year.

COTTON ACREAGE ALLOTMENTS AND MARKETING QUOTAS (1,096 counties)

A national marketing quota must be proclaimed whenever, during any calendar year it is determined that the total supply exceeds the normal supply for Upland cotton and for extra long staple cotton, whenever the total supply exceeds normal supply by more than 8 percent.

Upland Cotton. August 31, 1956, a national marketing quota of 11,014,493 bales and a national acreage allotment of 17,391,304 acres were announced. In accordance with the provisions of section 302 of the Agricultural Act of 1956, the national acreage allotment is the same as for 1956 and the national marketing quota has been set at the number of bales required to provide an acreage allotment of this size.

Total supply, 1956-57 marketing year	Bales
1. Carryover, August 1, 1956	14,100,000
2. Indicated production, 1956	13,400,000 a/
3. Estimated imports	50,000
4. Total (item 1 + item 2 + item 3)	27,550,000 b/

a/ August crop estimate.
b/ Includes the commodity set-aside from normal marketing channels under Title I of the Agricultural Act of 1954 and excludes stockpile and current crop ginnings prior to August 1.

Normal supply, 1956-57 marketing year	Bales
5. Domestic consumption, 1956	9,100,000
6. Estimated exports	4,500,000
7. Total (item 5 + item 6)	13,600,000
8. Allowance for carryover (30% of item 7)	4,080,000
9. Total (item 7 + item 8)	17,680,000
10. Supply percentage (item 4 ÷ item 9)	155.8%

State acreage allotments were announced on October 17, 1956.

Acreage allotted, 1957 Compared With 1956 Crop

State	1957 Crop Acreage Allotted	1956 Crop Acreage Allotted
Alabama	1,028,617	1,025,141
Arizona	360,892	343,640
Arkansas	1,416,819	1,424,511
California	810,445	782,405
Florida	38,671	36,974
Georgia	904,813	903,221
Illinois	3,182	3,110
Kansas	30	29
Kentucky	7,966	7,799
Louisiana	609,540	610,891
Maryland	25	25
Mississippi	1,643,544	1,646,562
Missouri	376,103	378,055
Nevada	3,320	2,324
New Mexico	184,029	179,378
North Carolina	492,877	483,932
Oklahoma	841,990	845,616
South Carolina	727,837	726,193
Tennessee	569,335	563,491

Texas	7,547,503	7,410,893
Virginia	17,925	17,114
Total	17,585,463 a/	17,391,304

a/ Includes additional acreage required for 1957 State allotment to equal 99 percent of 1956 allotment and also allocation to the State from the national reserve to provide minimum farm allotments pursuant to the provisions of the Agricultural Act of 1956.

Extra long staple cotton. On October 5, 1956, a national marketing quota of 76,565 bales and a national acreage allotment of 89,357 acres were proclaimed for the 1957 crop.

Quotas and allotments will apply principally to American-Egyptian, Sea Island (in the continental United States and Puerto Rico) and Sealand cotton.

Total supply, 1956-57 marketing year	Bales
1. Carryover, August 1, 1956	130,100
2. Indicated production, 1956	46,100 b/
3. Estimated imports	70,000
4. Total (item 1 + item 2 + item 3)	246,200

b/ October crop estimate.

Normal supply, 1956-57 marketing year	
5. Domestic consumption, 1956	130,000
6. Estimated exports	40,000
7. Total (item 5 + item 6)	170,000
8. Allowance for carryover (30% of item 7)	51,000
9. Total (item 7 + item 8)	221,000
10. Supply percentage (item 4 ÷ item 9)	111.4%

Acreage Allotted, by State, 1956 Crop Compared with 1955

	Number of designated counties	1957 Acreage Allotted	1956 Acreage Allotted
Arizona	9	36,657	18,433
California	2	616	291
Florida	15	1,301	559
Georgia	3	135	120
New Mexico	5	17,522	8,424
Texas	11	29,983	15,770
Puerto Rico	North and South Areas	3,143	1,708
Total		89,357	45,305

In referenda held December 11, 1956, 92.4% of the farmers voting favored quotas for the 1957 crop of Upland cotton and 95.4% favored quotas for extra long staple cotton.

The national acreage allotment is apportioned to the States on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State acreage allotment is apportioned to counties on the basis of the acreage planted (or regarded as planted) to cotton in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State Committee is authorized to reserve not to exceed 10 percent (15 percent in the case of one State) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, small or new farms, or to correct inequities in farm allotments and to prevent hardship.

The county acreage allotment (less the reserve) is apportioned to farms on which cotton has been planted in any one of the past three years, (1) by allotting initially to each farm the smaller of five acres or the highest number of acres planted to cotton in such three-year period and (2) by allotting the remainder to farms (other than those whose initial allotment was the highest number of acres planted in the past three years) on the basis of a county cropland percentage, excluding the acreages devoted to specified crops and nonirrigated lands in irrigated areas. No farm may be allotted an acreage under this provision in excess of the highest number of acres planted in the past three years.

The county committee may reserve not to exceed 15 percent of the county allotment for establishing "new" farm allotments and for adjusting "old" farm allotments, but not less than 20 percent of the reserve must be allotted to farms which otherwise would receive allotments of not more than 15 acres.

The farm marketing quota is the actual production from acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess is the normal yield times excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

For Upland cotton, the farm marketing excess is subject to a penalty at a rate equal to 50 percent of parity price as of June 15 of the calendar year in which the crop is produced and for extra long staple cotton the penalty rate is the higher of 50 percent of parity price or 50 percent of support price.

CORN ACREAGE ALLOTMENTS (894 counties)

The Agricultural Act of 1956 made acreage allotments on the 1956 crop of corn ineffective and provided that a referendum of farmers be held not later than December 15, 1956, to determine whether farmers favor base acreages in lieu of acreage allotments for the 1957 and subsequent crops of corn for the duration of the acreage reserve program. Inasmuch as less than two-thirds of the farmers voting in the referendum held December 11, 1956, voted in favor of base acreages, acreage allotments on corn will continue in effect.

The acreage allotment of corn for any calendar year shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the five calendar years immediately preceding such calendar year, adjusted for abnormal weather conditions, will produce an amount of corn in such area, which together with corn produced in the United States outside the commercial corn-producing area and corn imported, make available a supply for the marketing year beginning in such calendar year, equal to the normal supply. The acreage allotment must be proclaimed not later than February 1 of the calendar year for which such acreage allotment was determined.

The acreage allotment for corn is apportioned among counties in the commercial corn-producing area on the basis of acreage seeded for the production of corn during the five calendar years immediately preceding the calendar year in which the apportionment is determined with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil conservation practices.

The acreage allotment for the county is apportioned through local committees among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

Although not expressly provided for in legislation, the acreage allotment for the commercial corn-producing area is apportioned among the States in such area to facilitate administration.

On October 22, 1956, a commercial corn-producing area of 894 counties in 24 States was announced for the 1957 crop of corn. The designated area for 1957 includes one more State (Georgia) than in 1956 and 53 additional corn counties. A national acreage allotment was established for the 1957 crop of corn and State acreage allotments were announced on November 21, 1956.

Computation of 1957 National Acreage Allotment

Normal supply	Million bushels
1. Domestic consumption (1956-57) adjusted	3,044
2. Exports (1957-58), estimate	110
3. Total (item 1 + item 2)	3,154
4. Allowance for carryover (15% of item 3)	473
5. Normal supply (item 3 + item 4)	3,627
Acreage allotment	
6. Carryover indicated October 1, 1957	1,415
7. Total production needed (item 5 - item 6)	2,212
8. Estimated production outside of commercial area and imports	534
9. Production needed in commercial area (item 7 - item 8)	1,678
10. Adjusted average yield in commercial area (bushel per acre)	45.0
11. Indicated allotment for 1957 (acres)	37,288,889

State	1957 Crop		1956 Crop	
	No. commercial counties	Acreage allotted	No. commercial counties	Acreage allotted & terminated by PL 540
Alabama*	8	303,314	4	227,926
Arkansas*	4	87,706	3	79,970
Delaware	3	108,971	3	130,282
Georgia	14	378,147	-	---
Illinois	102	5,857,909	102	7,008,873
Indiana*	92	3,016,533	90	3,576,766
Iowa	99	6,862,686	99	8,201,379
Kansas*	23	905,079	23	1,076,860
Kentucky*	52	909,810	49	1,032,806
Maryland*	16	263,825	13	271,640
Michigan	35	995,695	35	1,179,378
Minnesota*	60	3,436,176	58	4,058,157
Missouri*	72	2,381,250	71	2,814,884
Nebraska	61	4,172,390	61	4,965,412
New Jersey*	11	104,900	8	100,820
North Carolina*	32	850,262	27	858,604
North Dakota	1	71,182	1	84,725
Ohio*	71	2,156,784	68	2,534,035
Pennsylvania*	31	582,079	29	693,062
South Dakota	32	1,948,675	32	2,319,492
Tennessee*	25	458,135	16	414,680
Virginia	10	123,548	10	147,059
West Virginia	2	15,835	2	18,901
Wisconsin*	38	1,297,998	36	1,484,832
Total	894	37,288,889	840	43,280,543

* Acreage for 1956 and 1957 not comparable because of changes in number of counties included in the commercial producing area.

RICE ACREAGE ALLOTMENTS AND MARKETING QUOTAS (155 counties)

On November 20, 1956, a national rice acreage allotment of 1,652,596 acres and marketing quotas for the 1957 crop of rice based on this acreage were proclaimed.

Marketing quotas for rice must be proclaimed whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in such calendar year will exceed normal supply for such marketing year by more than 10 percent. Marketing quotas for any crop of rice may be proclaimed at any time during the calendar year preceding the calendar year in which the crop will be produced.

A referendum must be held within 30 days after the proclamation of quotas to determine whether farmers approve quotas. In order to become effective, at least two-thirds of the farmers voting must favor quotas.

Not later than December 31 of each calendar year, a national acreage allotment for the crop of rice to be produced in the next calendar year must be proclaimed. The national acreage allotment is that acreage which will, on the basis of the national average yield of rice for the five preceding calendar years, produce an amount of rice adequate, together with the estimated carryover from the marketing year ending in the calendar year then current, to make available a supply for the marketing year beginning in the next calendar year, not less than the normal supply.

Determination of Normal Supply, Marketing Quota Level, Total Supply and Supply Percentage

Normal supply and marketing quota level	Thousand Cwts.
1. Estimated domestic consumption, 1955-56	25,854 a/
2. Estimated exports, 1956-57	20,832 b/
3. Total (item 1 + item 2)	46,686
4. Allowance for carryover (10% of item 3)	4,669
5. Normal supply (item 3 + item 4)	51,355
6. Marketing quota level (110% of item 5)	56,490
Total supply and supply percentage	
7. Carryover on August 1, 1956	34,600
8. Estimated production in 1956	46,290
9. Estimated imports, 1956-57	300
10. Total supply (items 7 + item 8 + item 9)	81,190
11. Supply percentage (item 10 ÷ item 5)	158.1

a/ Adjusted to exclude 1 million cwt. used by brewing industry which was unusually large in 1955-56 due to prevailing low price for brewers rice in relation to prices for corn grits, and to exclude 1.5 million cwt. ground for feed and exported but which is carried in the utilization figures as domestically fed since the export of such rice is not reported by the Bureau of the Census.

b/ Adjusted to reflect average exports during the 5-year period, 1951-55 Exports for 1956-57 are unusually large due to heavy movement under the 480 program.

Determination of Normal Supply and National Acreage Allotment

Normal supply a/	Thousand Cwts.
1. Estimated domestic consumption, 1956-57	25,690
2. Estimated exports, 1957-58	18,000
3. Total (item 1 + item 2)	43,690
4. Allowance for carryover (10% of item 3)	4,369
5. Total (item 3 + item 4)	48,059
National acreage allotment	
6. Estimated carryover on August 1, 1957	17,000
7. Indicated production needed in 1957 (item 5 - item 6)	31,059
8. National average yield per planted acre, 1952-56	2,593 lbs.
9. Indicated acreage allotment (item 7 ÷ item 8)	1,197,802 acres
10. Minimum National acreage allotment for 1957	1,652,596 acres

a/ Normal supply is for the marketing year commencing in the calendar year for which the national acreage allotment is determined.

In a referendum held December 11, 1956, 91.0 percent of the farmers voting favored marketing quotas for the 1956 crop of rice.

Acreage Allotted 1957 Compared with 1956

State	Apportionment of 1957 National Rice Allotment	Total Allotted Acreage in 1956
Arizona	229	229
Arkansas	398,890	399,084
California	299,674	299,820
Florida	956	957
Illinois	20	20
Louisiana	474,863	475,094
Mississippi	46,660	46,683
Missouri	4,578	4,580
North Carolina	29	29
Oklahoma	149	149
South Carolina	2,846	2,847
Tennessee	517	517
Texas	422,185	422,390
Total apportioned to States	1,651,596	1,652,399
Unapportioned national reserve	1,000	197
U. S. total	1,652,596	1,652,596

The national acreage allotment, less a reserve of not to exceed 1 percent thereof for apportionment to farms receiving allotments which are inadequate because of an insufficient State or county allotment or because rice was

not planted on the farm during all the preceding five years, is apportioned among the rice-producing States on the basis of the average number of acres of rice in each State during the preceding five years, with adjustments for trends in acreage during such period.

The State acreage allotment is apportioned in one of two ways:

1. To rice producers on the basis of past production of rice by the producer, taking into consideration the acreage allotments previously established for such producer (in the State), abnormal conditions affecting acreage, land, labor, and equipment available for the production of rice, crop-rotation practices, and the soil and other physical factors affecting the production of rice. Not more than 3 percent of the State acreage allotment is apportioned to persons who have not produced rice during any one of the past five years. The producer allotments so determined are assigned to farms on which the producers will be engaged in producing the crop of rice for which the allotments are established.

2. If the Secretary, upon recommendation of the State Committee determines that such action will facilitate the effective administration of the Act, the State acreage allotment is apportioned to farms on which rice has been produced during any one of such period of years on the basis of foregoing factors using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such producers. Not more than 3 percent of the State acreage allotment is apportioned to farms on which rice has not been produced for the past five years on the basis of the applicable factors heretofore mentioned.

The farm marketing quota is the actual production on the farm less "farm marketing excess." The farm marketing excess is the normal production of the number of acres planted in excess of the farm acreage allotment, except that the farm marketing excess may not be larger than the amount by which the actual production on the farm exceeds the normal production of the farm acreage allotment if the producer furnishes proof of such actual production to the Secretary.

Whenever marketing quotas are in effect the producer is subject to a penalty on the farm marketing excess at a rate per pound equal to 50 percent of the parity price as of June 15 of the calendar year in which the crop is produced. The penalty may be avoided or postponed by storage or by disposing of the commodity in such other manner not inconsistent with the purposes of the Act, as the Secretary shall prescribe, including delivery to the Commodity Credit Corporation or other agency within the Department.

QUOTA PENALTY COLLECTIONS

The following table shows the cumulative marketing quota penalty collections which, except for refunds to producers, are eventually covered into the General Fund of the Treasury.

Summary of Cumulative Net Marketing
Quota Penalty Collections through 12/31/55

cket-ing ear	Tobacco	Peanuts	Wheat	Cotton	Rice	Total
38-39	$943,225.00	---	---	$218,382.38	---	$1,161,607.38
39-40	---	---	---	518,628.98	---	518,628.98
40-41	672,010.20	---	---	672,923.32	---	1,344,933.52
41-42	184,972.89	$44,110.13	$13,111,042.87	2,009,036.69	---	15,349,162.58
42-43	422,393.90	104,840.90	2,087,182.66	1,489,990.83	---	4,054,408.29
43-44	514,563.85	---	---	---	---	514,563.85
44-45	1,738,585.09	---	---	---	---	1,738,585.09
45-46	4,017,148.49	---	---	---	---	4,017,148.49
46-47	4,064,339.73	---	---	---	---	4,064,339.73
47-48	1,005,258.52	---	---	---	---	1,005,258.52
48-49	1,519,056.74	---	---	---	---	1,519,056.74
49-50	2,599,977.44	139,243.25	---	---	---	2,739,220.69
50-51	3,890,715.22	288,248.01	---	1,325,492.03	---	5,504,455.26
51-52	4,635,274.05	557,158.71	---	---	---	5,192,432.76
52-53	3,652,471.36	137,817.65	---	---	---	3,790,289.01
53-54	3,128,650.67	296,653.41	---	---	---	3,425,304.08
54-55	5,606,091.62	165,198.74	2,513,662.56	576,281.84	---	8,861,234.76
55-56	633,492.14	474,790.41	2,849,349.89	2,114,356.19	$27,261.93	6,099,250.56
otal	39,228,226.91	2,208,061.21	20,511,237.98	8,925,092.26	27,261.93	70,899,880.29

LEGISLATION ENACTED, SECOND SESSION, 84th CONGRESS, AFFECTING ACREAGE ALLOTMENT AND MARKETING QUOTA PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

Tobacco

Legislation restoring reductions made in 1956 acreage allotments and marketing quotas:

Public Law 425 - burley
Public Law 426 - fire-cured and dark air-cured
Public Law 427 - Maryland
Public Law 609 - Changes the date by which marketing quotas must be proclaimed from December 1 to February 1 of any marketing year; applicable to all kinds of tobacco except flue-cured.

Peanuts

Public Law 540:

a. Increases marketing quota penalty from 50% of the basic rate of the loan to 75% of support price.

b. Provides for 6% interest on marketing penalties and for a lien to secure the penalties.

Wheat

Public Law 431 - Provides for increased durum wheat acreage allotments and marketing quotas for the 1956 crop for farms located in counties in specified states which are (1) capable of producing class II durum wheat and (2) have produced such wheat for commercial food products during one or more of the five years 1951 through 1955.

Public Law 540 - Extends to 1956 and 1957 crops provision whereby wheat producers may release unused portion of allotment without affecting future allotments.

Cotton

Public Law 540:

a. Provides for a 1957 and 1958 national cotton acreage allotment equal to the 1956 allotment.

b. Provides for 1957 and 1958 100,000 acres to establish minimum farm allotments of 4 acres or highest planted acreage in preceding three years whichever is smaller. For 1956 unused allotted acreage in a State may be used for this purpose.

Corn

Public Law 540:

a. Terminates acreage allotments for the 1956 crop and substitutes base acreages.

b. Provides that a referendum shall be held not later than December 15, 1956 to determine whether farmers favor base acreages in lieu of acreage allotments with respect to the 1957 and subsequent crops.

Rice

Public Law 540 - Provides that the 1957 and 1958 allotments shall be the same as the final 1956 allotments.

All basic commodities

Public Law 540 - Provides that within the period 1956-1959, inclusive, a producer may preserve his unused acreage allotments (the unused acreage, for purposes of future allotments, shall be considered to have been planted). The producer must notify the county committee prior to sixty days before the beginning of the marketing year of his desire to preserve his allotment.

FOOD MATERIALS AND REQUIREMENTS

The Commodity Stabilization Service has been assigned responsibility for part of the continuing activities of the Department in the area of preparedness measures relating to food and the domestic distribution of farm equipment and supplies. Such work is financed from this appropriation.

SUGAR PROGRAM

Purpose Statement

Objectives -- The principal objectives of the sugar program, carried out under the Sugar Act of 1948, as amended, are (a) to protect the welfare of domestic producers, (b) to provide consumers with adequate supplies of sugar at reasonable prices and (c) to promote our general export trade. Provision is also made to insure that a fair share of the consumers' dollar goes to domestic producers of sugar cane and sugar beets and to laborers working in cane and beet fields. The attainment of these objectives involves:

1. Determination of United States sugar requirements.

2. Administration of quotas to regulate imports of sugar produced in foreign areas and the marketing of sugar produced in domestic areas.

3. Allotment of quotas to individual processors when necessary to insure orderly marketing.

4. Making of payments to domestic producers of sugar beets and sugar cane who meet certain specified conditions.

The continental United States produces sugar from both sugar beets and sugar cane. Additional quantities of sugar are produced from sugar cane in Hawaii, Puerto Rico, and the Virgin Islands. Domestic sugar, produced at higher cost per unit than in foreign areas, falls far short of meeting the Nation's requirements. To meet total needs, the United States imports substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower than at present. However, under present wage standards in domestic producing areas, unlimited imports would place domestic producers in an extremely difficult, if not impossible, competitive position. Moreover, the economies of most of the domestic cane sugar-producing areas are dependent on sugar-producing crops for which there is no feasible alternative.

Quotas -- The Sugar Act of 1948, as amended, provides a quota system to balance supply with demand. The Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the Nation's sugar requirements for the coming year. Requirements for the calendar year 1956 were initially established in December 1955 at 8,350,000 short tons, raw value and on May 1, 1956 the quota level was raised to 8,450,000 tons, revised to 8,575,000 tons on June 27, 1956 and increased to 8,625,000 tons July 31, 1956. On August 11, 1956 the quotas were raised to 8,675,000 tons; on October 23, 1956 to 8,725,000 tons; on October 26, 1956 to 8,775,000 tons and again on November 30, 1956 to 8,875,000 tons.

All increases were distributed quota-wise in accordance with provisions of the new Sugar Act. The quota provisions of Public Law 545, 84th Congress, approved May 29, 1956, became effective as of January 1, 1956. This law, amending and extending the Sugar Act of 1948, as amended, restores to the domestic areas their historic participation in the growth of the United States sugar market. Beginning in 1956, market growth in excess of 8,350,000 tons will be shared 55 percent by domestic areas and 45 percent by foreign countries. Distribution of quotas among foreign countries has been changed so that foreign countries other than Cuba and the Republic of the Philippines share to a greater extent than heretofore in market growth beginning in 1957.

Marketing Allotments -- The Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within the quota limitations.

Production Adjustment -- The Act provides that if production in any area will be greater than the quantity necessary to fill the quota and provide a normal carryover inventory, restrictive proportionate shares (Farm Marketing Allotments), shall be established. A restrictive program is designed to balance supplies within an area with the quota and normal carryover requirements. The total quantity of sugar which may be produced in an area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments -- Domestic producers of sugar beets receive conditional payments averaging about $2.45 per ton of beets. For producers of sugar cane the payments within the various domestic producing areas range from about $1.05 to $1.65 per tone of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugar cane either produced in or brought into the continental United States.

Revenue -- From the inception of the program in the 1938 fiscal year through the fiscal year 1956, $1,388,301,173 of sugar excise and import taxes have been collected while obligations under the program have amounted to $1,045,810,043.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$67,600,000	$72,200,000

(b) Sugar Act Program

Appropriation Act, 1957 and base for 1958	$67,600,000
Budget Estimate, 1958	72,200,000
Increase	+4,600,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease: Retirement Costs (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
1. Payments to sugar producers:					
(a) Continental beet area	$29,143,977	$32,665,100	- -	+$2,479,935	$35,145,035
(b) Continental cane area	7,607,200	7,018,110	- -	+ 1,238,490	8,256,600
(c) Offshore cane area	21,205,323	25,854,790	- -	+ 819,075	26,673,865
Total payments	57,956,500	65,538,000	- -	+ 4,537,500(1)	70,075,500
2. Operating expenses	1,643,500	2,062,000	+$62,500	- -	2,124,500
Total retirement costs (P.L. 854)			[+62,500]	- -	[62,500]
Total appropriation or estimate	59,600,000	67,600,000	+ 62,500(2)	+ 4,537,500	72,200,000

INCREASES OR DECREASES

(1) An increase of $4,537,500 for conditional payments to sugar producers.

Conditional payments to sugar producers on the 1957 crop. It is estimated that a total of $73,752,785 (including administrative expenses) will be required for the 1957 Sugar Program plus $15,703,049 for payments on the 1956-57 Puerto Rico crop which were deferred until the 1958 fiscal year, making total requirements for the program $89,455,834. The deferral of $15,703,049 in payments to Puerto Rico causes no hardship since the harvesting of the 1956-57 crop will not be completed until the first month of the fiscal year 1958.

The appropriation requested is $72,200,000, which contemplates an estimated deferral of $17,255,834 until fiscal year 1959 for payments on the 1957-58 Puerto Rico crop.

Both fiscal and crop year estimates are compared in Table I which follows.

METHOD OF FINANCING

Table I

Program Year	Fiscal Year Appropriation					
	1955	1956	1957	1958	1959	Total
1954 Sugar Program						
Payments to producers:						
Puerto Rico (1954-55)		$9,036,417				$9,036,417
1955 Sugar Program						
Payments to producers:						
Continental sugar beet area ..		29,143,977				29,143,977
Continental sugar cane area ..		7,607,200				7,607,200
Hawaii		10,537,922				10,537,922
Puerto Rico (1955-56)	$91,779	1,495,226	$14,512,995			16,100,000
Virgin Islands		135,758				135,758
Total, 1955 payments	91,779	48,920,083	14,512,995			63,524,857
1956 Sugar Program						
Payments to producers:						
Continental sugar beet area ..			32,665,100			32,665,100
Continental sugar cane area ..			7,018,110			7,018,110
Hawaii			10,136,500			10,136,500
Puerto Rico (1956-57)			1,038,151	$15,703,049		16,741,200
Virgin Islands			167,144			167,144
Total, 1956 payments			51,025,005	15,703,049		66,728,054
1957 Sugar Program						
Payments to producers:						
Continental sugar beet area ..				35,145,035		35,145,035
Continental sugar cane area ..				8,256,600		8,256,600
Hawaii				10,597,250		10,597,250
Puerto Rico (1957-58)				182,916	$17,255,834	17,438,750
Virgin Islands				190,650		190,650
Total, 1957 payments				54,372,451	17,255,834	71,628,285
Total program payments		57,956,500	65,538,000	70,075,500		
Operating expenses		1,643,500	2,062,000	2,124,500		
Total appropriation or estimate ..		59,600,000	67,600,000	72,200,000		

The 1957 crop sugar production in the domestic producing areas is estimated at 5,140,000 short tons, raw value, compared with an estimated production of 4,798,000 tons from the 1956 crop. Imposition of restrictive proportionate shares on the 1956 crop in the beet area, and continued production restrictions on the 1957 crop, are expected to limit the area's production from such crops to about 1,975,000 and 2,125,000 tons respectively. The estimated 1957 crop production increase reflects the beet area's approximate share in the growth of the United States sugar market (or consumption requirements) as provided in the new Sugar Act approved May 29, 1956. Commensurate with this production increase, payments are expected to increase about $2,479,935.

The estimated production in the mainland cane area of 600,000 tons for the 1957 crop allows for that area's approximate increased share of the United States sugar market, provided for in the new legislation. This estimated production increase will entail additional payments approximating $1,238,490 in this area.

The production of sugar from the 1956 crop in Hawaii is expected to approximate 36,000 tons less than the area's mainland and local consumption quota requirements. However, production from the 1957 crop is expected to approximate 1,150,000 tons resulting in increased payments of $460,750.

The estimated increase in production of 50,000 tons in Puerto Rico allows for that area's additional approximate share of the United States sugar market, provided for in the amended Act.

Sugar production in the Virgin Islands from the 1957 crop is estimated at 15,000 tons, or approximately the level of the area's quota share of the U. S. market.

The total obligations on the 1957 crop are estimated to be $4,900,231 greater than the obligations on the 1956 crop due to an estimated net increase in production of 342,000 tons.

The number of payees are shown in Table II. The estimate for the 1957 sugar crop program, compared with prior crop year data on tonnage, production, total payments and average payment per ton, is shown in Table III.

Table II NUMBER OF PAYEES

Area of Production	1955 Crop	1956 Crop (Estimate)	1957 Crop (Estimate)
Continental sugar beet area	38,656	43,000	45,150
Continental sugar cane area	7,449	7,600	7,800
Hawaii	1,146	1,100	1,100
Puerto Rico	20,000	20,100	20,300
Virgin Islands	378	339	500
Total	67,629	72,139	74,850

Sugar Program Data - 1955-57 Crop Years

Table III

AREA	1956 Fiscal Year (1955 Crop Year)	1957 Fiscal Year (1956 Crop Year)	1958 Fiscal Year (1957 Crop Year)	Increase (+) or Decrease (-) 1957 Crop Year Compared With 1956 Crop Year
Beet Area				
Actual tons produced	1,730,000	1,975,000	2,125,000	+150,000
Total payments	$29,143,977	$32,665,100	$35,145,035	+$2,479,935
Payment per ton	$16.85	$16.53	$16.53	- -
Mainland Cane Area				
Actual tons produced	574,000	510,000	600,000	+90,000
Total payments	$7,607,200	$7,018,110	$8,256,600	+$1,238,490
Payment per ton	$13.25	$13.76	$13.76	-$ .10
Hawaii				
Actual tons produced	1,141,000	1,100,000	1,150,000	+50,000
Total payments	$10,537,922	$10,136,500	$10,597,250	+$460,750
Payment per ton	$9.23	$9.22	$9.22	- -
Puerto Rico				
Actual tons produced	1,152,000	1,200,000	1,250,000	+50,000
Total payments	$16,100,000	$16,741,200	$17,438,750	+$697,550
Payment per ton	$13.98	$13.95	$13.95	- -
Virgin Islands				
Actual tons produced	10,000	13,000	15,000	+2,000
Total payments	$135,758	$167,144	$190,650	+$23,506
Payment per ton	$13.57	$12.86	$12.71	-$0.15
Total				
Actual tons produced	4,607,000	4,798,000	5,140,000	+342,000
Total payments	$63,524,857	$66,728,054	$71,628,285	+$4,900,231
Payment per ton	$13.84	$13.91	$13.94	+$0.03

Operating Expenses

(1) An increase of $62,500 is required to meet retirement costs under Public Law 854 applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), [$67,600,000], $72,200,000 to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed
1 [$1,873,000] $2,124,500.

[The limitation under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1957, on the amount of
2 expenditures (including transfers) from this appropriation for other than payments to sugar producers is increased by $189,000.]

The first change increases the administrative expense limitation from $2,062,000 (the present administrative expense limitation including the increase authorized in the Supplemental Appropriation Act, 1957) to $2,124,500, an increase of $62,500 to cover the cost of the Government's contribution to the retirement fund pursuant to Public Law 854; and

The second change deletes language included in the Supplemental Appropriation Act, 1957 which is no longer required.

STATUS OF PROGRAM

Extension and Revision of Sugar Act of 1948

Public Law 545, approved May 29, 1956, revised the Sugar Act of 1948, as amended, and extended the program until December 31, 1960.

The new law primarily restored to domestic producers their historic share in the growth of the United States sugar market. It provided that the domestic areas shall supply 55% of the U. S. consumer sugar requirements in excess of 8,350,000 tons. Since consumption in the United States is expected to increase about 135,000 tons each year, this makes it mandatory to increase quotas annually for domestic areas through the calendar year 1960. Under previous law quotas for the domestic areas were fixed or rigid and all increases in the United States sugar requirements were assigned to Cuba and full-duty countries. In order to provide funds for implementing the new legislation and to place compliance checking under the program on as current a basis as possible, the Congress approved an increase of $189,000 in the operating expense limitation in the Supplemental Appropriation Act, 1957.

Sugar Requirements and Quotas

The Sugar Act provides that the Secretary of Agriculture shall determine in December of each year the consumers' requirements of sugar for the succeeding year and make such revisions of the initial estimate as necessary.

The quotas for the calendar year 1955 which were initially established at 8,200,000 short tons, raw value, and raised in July 1955 to 8,300,000 tons, were increased again on October 8, 1955, to 8,400,000 tons to provide the quantities needed to meet U. S. consumption and year-end inventory requirements.

Initial quotas for calendar year 1956 were established at the level of 8,350,000 short tons, raw value, to maintain fair prices and orderly marketing of sugar. To preserve a stable and healthy sugar market, sugar quotas were increased to 8,450,000 tons, effective May 1, 1956, to 8,575,000 tons on June 27, 1956, to 8,625,000 tons on July 31, 1956 and to 8,675,000 tons on August 11, 1956. On October 23, 1956 the Department announced an additional increase of 50,000 tons in the total sugar quotas for the Continental United States making the 1956 quotas total 8,725,000 short tons, raw value. Then on October 26 an announcement increasing the quotas to 8,775,000 was made.

Sugar quotas for the calendar years 1955 and 1956 are shown in the following table:

Production Area	1955 Quotas, Final	1956 Quotas As of 11/28/56
	-- short tons, raw value --	
Domestic beet sugar	1,800,000	1,927,333
Mainland cane sugar	500,000	593,059
Hawaii	1,052,000	1,075,640
Puerto Rico	1,080,000	1,124,718
Virgin Islands	12,000	12,000
Philippines	977,000	980,000
Cuba	2,859,840	3,035,760
Other foreign countries	119,160	126,490
Total	8,400,000	8,875,000

Marketing Allotments

Sec. 205(a) of the Act requires that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within the quota limitations.

In the domestic beet and mainland cane sugar areas and Puerto Rico the level of available supplies on January 1, 1956, together with 1956 crop prospects, were such that the Secretary found that allotment of the 1956 quotas for those areas would be necessary to prevent disorderly marketing and to assure all persons who market sugar an equitable opportunity to do so.

By August 15, 1956, allotment orders had been issued on the basis of hearings held earlier and final data for the most recent crop-processings for the domestic beet and mainland cane areas and Puerto Rico. For the two Mainland areas, this included allotment of increases in quotas based on amendments to the Act which became law on May 29, 1956. A hearing was yet to be held to complete the basis for allotting the increase for Puerto Rico.

Payments to Producers

Payments are made to domestic producers of sugar beets and sugar cane who comply with certain requirements with respect to child labor, wage rates, proportionate shares, and in the case of processor-producers, the payment of fair and reasonable prices for sugar beets or sugar cane purchased from other producers.

Pursuant to Title III of the Sugar Act of 1948, conditional payments on the 1955 crops totaling $63,508,880 were made to about 67,629 sugar beet and sugar cane producers in 23 States, Hawaii, Puerto Rico and the Virgin Islands.

Payments Under the Sugar Act of 1948 and Number of Payees, in the Domestic Sugar Producing Areas, Crop Years 1954 and 1955 1/

Payment and Payee	Domestic Beet Sugar Area	Mainland Cane Sugar Area	Hawaii	Puerto Rico 2/	Virgin Islands	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Payments on sugar beets or sugar cane:						
1954	31,865,156	8,050,949	9,932,469	16,221,395	127,750	66,197,719
1955	27,878,000	7,601,200	10,479,922	16,080,000	135,758	62,174,880
Abandonment and deficiency payments:						
1954	1,365,023	1,300	---	10,000	---	1,376,323
1955	1,250,000	6,000	58,000	20,000	---	1,334,000
Total payments:						
1954	33,230,179	8,052,249	9,932,469	16,231,395	127,750	67,574,042
1955	29,128,000	7,607,200	10,537,922	16,100,000	135,758	63,508,880
	Number	Number	Number	Number	Number	Number
Payees:						
1954	43,526	7,410	1,067	19,698	434	72,135
1955	38,656	7,449	1,146	20,000	378	67,629

1/ Preliminary
2/ 1954-55 and 1955-56 crops

Excise and Import Taxes

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the Continental United States for direct consumption. The excise tax on sugar, under Public Law 545, was extended to June 30, 1961.

The following table shows taxes collected compared with obligations under the sugar program:

Fiscal Year	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938	$30,569,130	$2,680,298	$33,249,428	$22,080,599
1939	65,414,058	3,494,627	68,908,685	52,460,654
1940	68,145,358	5,456,207	73,601,565	47,212,400
1941	74,834,839	4,859,760	79,694,599	47,677,678
1942	68,229,803	4,088,963	72,318,766	47,869,513
1943	53,551,777	3,520,064	57,071,841	55,638,374
1944	68,788,910	5,097,940	73,886,850	54,818,026
1945	73,293,966	3,552,414	76,846,380	52,361,159
1946	56,731,986	3,231,592	59,963,578	48,418,425
1947	59,151,922	5,115,447	64,267,369	53,343,569
1948	71,246,834	3,284,502	74,531,336	54,796,514
1949	76,174,356	4,698,867	80,873,223	71,880,810
1950	71,188,029	4,091,155	75,279,184	59,935,494
1951	80,191,884	3,613,479	83,805,363	63,684,105
1952	78,473,191	3,621,210	82,094,401	69,813,289
1953	78,129,860	5,005,959	83,135,819	64,974,434
1954	73,885,000	4,498,368	78,383,368	59,645,000
1955	78,512,000	4,177,097	82,689,097	59,600,000
1956	82,894,000	4,806,321	87,700,321	59,600,000
Subtotal	1,309,406,903	78,894,270	1,388,301,173	1,045,810,043
1957 (est.)	79,500,000	4,500,000	84,000,000	67,600,000
1958 (est.)	80,000,000	4,500,000	84,500,000	67,600,000
Total	1,468,906,903	87,894,270	1,556,801,173	1,181,010,043

Fair Wage and Price Determinations

Among conditions which producers of sugar cane and sugar beet must meet to be eligible for Sugar Act payments is the payment of fair and reasonable wage rates to persons employed on the farm in the production, cultivation and harvesting of sugar cane or sugar beets, and for producers who are also processors of sugar cane or sugar beets, the payment of fair and reasonable prices for sugar cane and sugar beets purchased from other producers.

The Sugar Act requires that determinations of fair and reasonable wages and prices shall be made by the Secretary after holding public hearings and after making appropriate investigations. Determinations of wages and prices are issued annually for the following domestic areas: sugar beet, mainland cane (Louisiana and Florida), Puerto Rico and the Virgin Islands. For Hawaii a fair price determination is issued annually but the wage determination for such area was placed on a continuing basis in 1954.

Under the determinations issued during the 1956 fiscal year, the level of wage rates continued unchanged for the sugar beet area, Virgin Islands, Florida, and Puerto Rico. The wage differential was eliminated for workers 14-16 years of age in Florida. For Puerto Rico, a new worker classification for mechanical loader operators was added, the definition of irrigators and field flooders was clarified, and the requirements that producers furnish workers the customary perquisites was eliminated. In Louisiana, basic hourly rates were increased 5 percent and piecework rates 10 percent; the number of specified piecework rates was reduced from 10 to 2; and the 9 hour day rates were deleted as were the wage-price escalator and the perquisite provisions.

Fair price determinations were issued for all domestic sugar producing areas except Hawaii. For Louisiana, changes were made in freight rate differentials and in the sugar cane purity scale, and the period for computing average market prices of raw sugar was extended from 5 months to 7 months. In Puerto Rico, a formula was specified for determining the yield of raw sugar recovered from inferior varieties of sugar cane; a provision was added permitting the deduction of trash from the weight of sugar cane delivered by producers; and some other minor items were deleted or clarified. No changes were made in the determinations for other areas except for a change in the method of calculating the quality of sugar cane delivered by producers in the Virgin Islands, and the specification of certain deductible marketing expenses in Florida.

Proportionate Share Determinations

Proportionate shares for sugar beet and sugar cane farms must be established for each crop since the marketing of sugar beets or sugar cane within such shares constitutes one of the conditions for payment. Restrictive proportionate shares are required in any area when the indicated sugar production is greater than the quantity needed to fill the quota and provide a normal carryover inventory for such area.

Due to the levels of production for the previous crops and effective inventories of sugar, determinations were issued on October 10 and September 19, 1955, which continued restrictive proportionate shares on the 1956 and 1955-56 crops, respectively, for the mainland cane area and Puerto Rico. For each of these areas, the production objective was established at approximately the quota level.

In a determination issued on September 21, 1955, restrictive proportionate shares were established for the 1956 crop in the domestic beet sugar area. This action was required because of the large inventories and prospective carryover of beet sugar and an anticipated heavy demand for 1956 crop sugar beet acreage. The national acreage objective established for the 1956 crop was 850,000 acres (the same as that for the 1955 crop) which was expected to yield a quantity of sugar approximating the area's quota. Also, as in the case of the 1955 crop, responsibility was assigned to ASC State Committees for the establishment of individual farm proportionate shares from State acreage allocations under specific standards and procedure.

The proportionate share determination for the Virgin Islands was placed on a continuing basis in July 1954. This determination establishes proportionate shares for each farm in the area at the actual level of production until such time as restrictions on the Islands' crop may become necessary.

The determination issued in June 1955, applicable to the 1955 and subsequent crops, established proportionate shares for farms in Hawaii also at the actual level of production. However, the proportionate share for the farm of any processor-producer is conditioned upon the maintenance of the existing balance between the acreage of sugar cane cultivated by the processor-producer and the acreage cultivated by independent growers.

Special Studies and Surveys

A report was prepared of the study conducted in the previous fiscal year of the costs, returns, profits, and investment and manhour requirements for producing sugar cane and processing raw sugar in Puerto Rico during the years 1951 through 1954. Field work for a similar study concerning the production of sugar cane and the processing of raw sugar in Florida and Louisiana during the years 1952 through 1954 was completed and the report of the study was

nearing completion at the end of the fiscal year. A study of the costs of producing sugar beets in the domestic beet area in 1955 was in progress at the end of the year. During the fiscal year, investigations dealing with particular aspects of wage and price problems were conducted in all domestic producing areas, prior to public hearings in such areas.

International Sugar Agreement

The Agreement operated in a satisfactory manner during the fiscal year. The purpose of the Agreement is to stabilize World Sugar Markets. At the International Conference called by the United Nations, it was the unanimous opinion of the countries represented, as well as the U. S. sugar industry, that the Agreement had stabilized markets and was valuable as an instrument to prevent violent and often disastrous price fluctuations.

The International Sugar Council met several times during the year to consider supply and demand conditions on the World Market and to adjust quotas and make administrative rulings designed to benefit the more orderly marketing of the world supplies. The United States sugar market has always been affected by world sugar prices and therefore our own industry is interested in the continuation of the Agreement. It is generally agreed that suspension of the International Sugar Agreement would bring disaster to most of the sugar-producing nations of the world.

The United States is a member of the Executive Committee of the Council as well as a member of practically all special committees appointed to study special situations. This necessitates continual study of changing world supply and market conditions. The Director of the Sugar Division of the Commodity Stabilization Service served as Chairman of the International Sugar Council during the calendar year 1955. The International Sugar Council met several times during the fiscal year and the U. S. Government contributed Significantly to the work of the Council through studies concerning world sugar requirements and interpretations of the Agreement as spot situations and trade relationship problems developed. On May 21, 1956, a Conference opened in New York, under the auspices of the United Nations, and continued in session as the fiscal year ended. The Conference was called pursuant to Article 42 (2) of the Agreement which directs the Council to examine the operations of the Agreement during the third year of its 5-year life, giving consideration to all amendments which may be proposed. Several amendments have been proposed designed to improve the operation of the Agreement. The principal amendments will deal with quotas and prices. To assist the U. S. Delegation, comprised in part of Department officials, a careful appraisal was made of world-wide production and consumption plans and intentions during the next five years.

Program Administration

The Sugar Program is administered in the counties by elected county and community committeemen and in the States by State Agricultural Stabilization and Conservation Committees composed of resident farmers appointed by the Secretary.

Administrative expense allocations to States are based on workload data for the previous year adjusted to reflect any contemplated changes in program operations.

Workload Data

The following tables set forth the workload data in connection with the 1956 crop (fiscal year 1957).

Sugar Act Program (Beet)
Estimated Workload Data for the 1956 Crop

State	Number of Counties	Number of Farms	Estimated planted acreage
Illinois	4	119	2,000
Indiana	1	2	42
Iowa	4	4	1,344
Michigan	28	3,800	76,948
Ohio	19	1,181	19,418
Wisconsin	21	475	7,500
Midwest Area	77	5,581	107,252
California	31	2,200	179,021
Colorado	24	4,400	131,394
Kansas	6	82	7,267
Nevada	1	25	500
New Mexico	1	15	660
Texas	5	39	1,631
Utah	13	2,320	28,980
Southwest Area	81	9,081	349,453
Idaho	24	3,950	80,054
Minnesota	21	899	67,263
Montana	21	1,500	51,248
Nebraska	22	1,625	58,816
North Dakota	8	547	35,006
Oregon	3	491	17,805
South Dakota	4	150	5,478
Washington	7	1,082	30,750
Wyoming	11	1,040	34,745
Total	121	11,284	381,165
Total States	279	25,946	837,870

Sugar Act Program (Cane)
Estimated Workload Data for the 1956 Crop

State or Area	Number of Counties	Number of Mill Areas	Plantation Mill Districts	Number of Farms	Estimated Planted Acreage *	Estimated Harvested Acres
Florida	4	-	-	29	32,000	-
Louisiana	20	-	-	4,614	215,000	-
Puerto Rico	-	33	-	19,500	-	360,000
Hawaii	-	-	28	870	-	110,000
Virgin Islands	-	1	-	400	-	5,000
Total	24	34	28	25,413	247,000	475,000

* Not available for Puerto Rico, Hawaii and the Virgin Islands

NATIONAL WOOL ACT

Purpose Statement

The principal objectives of the National Wool Act of 1954 (Public Law 690, approved August 28, 1954) (7 U.S.C. 1781-1787) are to provide for the national security and promote the general economic welfare by encouraging the domestic production of approximately three hundred million pounds of shorn wool, grease basis, at prices fair to both producers and consumers, in a manner which will have the least adverse effects upon foreign trade.

Method and Support Level - To aid in carrying out these objectives, the Act authorizes an incentive payment program which provides a support level for shorn wool not in excess of 110 percent of parity. The support price for mohair is established at a level necessary to maintain approximately the same percentage of parity for mohair as for shorn wool, the deviation to be no more than 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

For wool and mohair shorn on or after January 1, 1955 and marketed on or after April 1, 1957, but not later than March 31, 1958, the announced support price for shorn wool is 62 cents per pound, grease basis, and 70 cents per pound for mohair. These incentive prices represent 101 percent and 87 percent of the August 15, 1956 parity prices for wool and mohair, respectively. The level of support for pulled wool will be so related to the shorn wool incentive price as to maintain normal marketing practices.

If average prices received by producers for wool and mohair fall below the incentive price levels announced, payments will be made to producers. These payments will be based on the percentage needed, in the case of each commodity, to bring the national average price received by producers up to the incentive price. The total of all such payments is limited to 70% of the accumulated totals, as of the date of such payments, of gross receipts from specific duties collected on and after January 1953 on wool and wool manufactures.

Referendum - In August 1955, in a referendum called by the Secretary of Agriculture as provided in Section 708 of the National Wool Act, considerably more than the required two-thirds of producers expressed approval of an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the incentive payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Financing - Capital funds of the Commodity Credit Corporation are used for incentive payments and other program costs. Section 705 of the National Wool Act provides for reimbursing the Corporation for costs of the program by appropriating not to exceed 70% of specific duties collected on wool and wool manufactures in the calendar year preceding the beginning of each fiscal year starting with the calendar year 1954.

	Appropriated 1957	Budget Estimate, 1958
Appropriated funds (permanent appropriation)	$2,020,975	$35,000,000

(c) National Wool Act

Appropriation, 1957 and base for 1958	$2,020,975
Budget Estimate, 1958	35,000,000
Increase (reimbursement to CCC for estimated costs to be incurred in the fiscal year 1957)	32,979,025

PROJECT STATEMENT

Project	1956	1957	Increase	1958 (estimated)
Reimbursement to Commodity Credit Corporation for expenditures under National Wool Act (appropriation or estimate)	$187,684	$2,020,975	$32,979,025	$35,000,000

INCREASE

Program costs of $2,020,975 in the fiscal year 1956 were in connection with administering the 1955 and 1956 marketing year programs. No incentive payments were made in the fiscal year 1956.

Incentive payments for the 1955 marketing year program -- made in the fiscal year 1957 -- are estimated to total $60 million. This amount consists of estimated payments of $49,500,000 on approximately 257.8 million pounds of shorn wool, at an average rate of 19.2 cents per pound, and $10,500,000 on lambs and yearlings. Wool on lambs and yearlings is supported on a basis comparable to that for shorn wool. Administrative and interest costs are expected to bring the total costs of the wool program for the year to $64,124,000. Of this amount, the basic statute provides for reimbursement to the extent of 70 percent of the specific duties on wool and manufactures estimated to be collected in the calendar year 1956. This amount is estimated at $35 million.

The unrecovered balance will remain on the books of the Corporation as a receivable until subsequent appropriations become available. At the current rate of duties collected, it is anticipated that full reimbursement for costs during the fiscal year 1957 will not be effected until the fiscal year 1959.

The increase of $32,979,025 is the difference between the maximum reimbursement authorized in the fiscal year 1958 and the amount of reimbursement in the fiscal year 1957 for expenses incurred under the National Wool Act during the fiscal year 1956.

The following table shows, by major activity, the Commodity Credit Corporation's costs, estimated reimbursements, and unrecovered balances:

Costs of the National Wool Act

	F. Y. 1955	F. Y. 1956	F. Y. 1957 1955 Mktg. Year	F. Y. 1958 1956 Mktg. Year	F. Y. 1959 1957 Mktg. Year	F. Y. 1960 1958 Mktg. Year
Volume of Marketings						
lbs. shorn wool	--	--	257,800,000	232,000,000	232,000,000	232,000,000
cwt. lambs & yearlings (live weight)	--	--	13,637,000	10,750,000	10,750,000	10,750,000
Incentive payments						
per lb. shorn wool	--	--	19.2¢	20.0¢	20.0¢	20.0¢
per cwt. lambs and yearlings (live wt.)	--	--	77.0¢	80.0¢	80.0¢	80.0¢
Incentive payments						
Shorn wool	--	--	$49,500,000	$46,400,000	$46,400,000	$46,400,000
Lambs & yearlings	--	--	10,500,000	8,600,000	8,600,000	8,600,000
Total payments	--	--	60,000,000	55,000,000	55,000,000	55,000,000
Administrative Expenses	$187,432	$2,006,032	2,575,000	2,685,000	2,685,000	2,685,000
Interest Expense	252	14,943	1,549,000	2,751,000	3,569,000	4,415,000
Total	187,684	2,020,975	64,124,000	60,436,000	61,254,000	62,100,000

Costs and Reimbursements to CCC

	F.Y. 1955 (Actual)	F. Y. 1956 (Est.)	F. Y. 1957 (Est.)	F. Y. 1958 (Est.)	F. Y. 1959 (Est.)	F. Y. 1960 (Est.)
Unrecovered Costs - Beginning of year	--	$187,684	$2,020,975	$64,124,000	$89,560,000	$115,814,000
Costs during year	$187,684	2,020,975	64,124,000	60,436,000	61,254,000	62,100,000
Total unrecovered costs	187,684	2,208,659	66,144,975	124,560,000	150,814,000	177,914,000
Appropriations to reimburse CCC*	--	187,684	2,020,975	35,000,000	35,000,000	35,000,000
Unrecovered Balance End of year	187,684	2,020,975	64,124,000	89,560,000	115,814,000	142,914,000

* Limited to 70% of duties collected on wool during preceding calendar year

STATUS OF PROGRAM

Purpose: The objective of this program is to encourage an annual domestic production of approximately 300,000,000 pounds of shorn wool.

Operations: This is accomplished by incentive payments to eligible producers on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110 percent of parity. Pulled wool is supported, in a comparable relationship to shorn wool, by payments on the live weight of lambs, according to pelt classifications, marketed during a marketing year. Mohair is supported at a level not to exceed 15 percent above or below the incentive level for shorn wool. The total of all payments may not at any time exceed an amount equal to 70 percent of the accumulated totals of the gross receipts from specific duties collected on and after January 1, 1953, on wool and wool products under Schedule 11 of the Tariff Act of 1930, as amended. Payments are made through the Agricultural Stabilization and Conservation County Committees and are financed by the Commodity Credit Corporation. The Corporation is authorized to be reimbursed for any expenditures made under this program. However, such reimbursement for any fiscal year is limited to 70 percent of the gross receipts from specific duties collected on wool and wool products during the period January 1 to December 31 preceding the beginning of such fiscal year.

Sales Promotion: In August 1955, in a referendum called by the Secretary of Agriculture, as provided in Section 708 of the National Wool Act, 72 percent of producers voting approved an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market-development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the incentive payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

1955 Program: Payments under the 1955 program, which were first made during fiscal year 1957, were announced at 44.9 percent of the dollar returns each producer received from the sale of shorn wool during the 1955 marketing year, which would bring the average return per pound up to the incentive level of 62¢ per pound. The payment rate on lambs (pulled wool compensating payments) is 77¢ per hundredweight of live animals sold for slaughter. As the market price for mohair remained at a sufficiently high level during the 1955 marketing year, no payments were required.

1956 Program: Substantially the same program is being continued for the 1956 marketing year. The incentive level will remain at 62¢ per pound for shorn wool, grease basis. The payment rates for the 1956 program will be determined in mid-1957 after all producer returns from the 1956 clip have been filed. The major change in the 1956 program deals with the method of making payments for lambs marketed with the wool on. Under the 1955 program, payments are being made only on animals marketed for slaughter. Under the program for 1956, each producer who owns lambs for 30 days or more and sells the lambs unshorn for any purpose will be eligible for a payment. The payments will be made on the weight or weight increase of the animals that occurs during each producer's ownership. Any shorn wool incentive payments made to producers who buy unshorn lambs and later shear them will be adjusted downward by the amount of the lamb payment previous owners were eligible to receive.

1957 Program: The same program is being continued for the 1957 marketing year with rates at the same level as for the 1956 program.

1958 Program: It is currently anticipated that sufficient funds for the 1958 marketing year will not be available unless legislation is enacted. The following statement reflects the actual and estimated incentive payments compared with the limitation:

70% of customs receipts on wool, 1/1/53 - 6/30/56 ..	$108,477,826
1955 marketing year estimated payments made early in fiscal year 1957	-60,000,000
Bal. of limitation available after 1955 marketing year payments	48,477,826
70% of estimated customs receipts on wool in fiscal year 1957	35,000,000
Balance available 6/30/57	83,477,826
1956 marketing year estimated payments to be made early in fiscal year 1958	-55,000,000
Balance of limitation available after 1956 marketing year payments	28,477,826
70% of estimated customs receipts on wool in fiscal year 1958	35,000,000
Balance available 6/30/58	63,477,826
1957 marketing year estimated payments to be made early in fiscal year 1959	-55,000,000
Balance of limitation available after 1957 marketing year payments	8,477,826
70% of estimated customs receipts on wool in fiscal year 1959	35,000,000
Balance available 6/30/59	43,477,826
1958 marketing year estimated payments to be made early in fiscal year 1960	-55,000,000
Estimated deficit for 1958 marketing year	-11,522,174

Net payments to wool growers under the 1955 program reported as of October 31, 1956, amounted to $53,744,032. Of the total paid producers $46,894,514 was made in shorn wool payments and $6,849,518 in payments on wool marketed for slaughter. Deductions from payments for an industry promotion program amounting to 1 cent per pound of shorn wool and 5 cents per hundredweight of lambs totalled $3,077,031. Total payments through October 31, 1956, amounted to $56,821,063. The State breakdown of payments is shown in the following table.

Estimated Payments, by States, under
the 1955 Wool Program, through October 31, 1956

State	Shorn Wool Pounds	Shorn Wool Payments	Lambs Pounds	Lambs Payments	Promotion Deduction	Total Payments
Ala.	248,000	$ 38,468	657,000	$ 4,533	$ 2,813	$ 45,814
Ariz.	3,368,000	604,094	11,735,000	85,766	39,545	729,405
Ark.	299,000	55,379	1,589,000	10,124	3,786	69,289
Calif.	22,210,000	4,452,074	93,971,000	675,915	269,084	5,397,073
Colo.	14,274,000	2,514,740	99,645,000	708,751	192,557	3,416,048
Conn.	32,000	5,986	6,000	27	325	6,338
Del.	18,000	3,589	34,000	244	196	4,029
Fla.	16,000	2,585	1,000	232	159	2,976
Ga.	98,000	20,747	150,000	859	1,052	22,658
Idaho	13,310,000	2,412,157	96,702,000	627,309	181,447	3,220,913
Ill.	5,012,000	853,859	34,125,000	226,342	67,246	1,147,447
Ind.	3,586,000	635,295	19,553,000	128,808	45,634	809,737
Iowa	9,997,000	1,795,157	79,677,000	551,551	139,711	2,486,419
Kans.	3,685,000	574,024	24,311,000	188,388	48,997	811,409
Ky.	3,414,000	617,937	18,516,000	116,372	43,172	777,481
La.	423,000	79,892	231,000	1,384	4,348	85,624
Maine	126,000	26,572	366,000	2,617	1,436	30,625
Md.	216,000	40,074	840,000	6,094	2,583	48,751
Mass.	68,000	14,550	44,000	316	650	15,516
Mich.	3,577,000	680,379	14,405,000	101,749	42,975	825,103
Minn.	6,274,000	1,077,670	35,118,000	255,008	80,290	1,412,968
Miss.	376,000	66,220	781,000	6,663	4,152	77,035
Mo.	5,610,000	1,046,876	38,401,000	285,437	75,099	1,407,412
Mont.	14,832,000	2,858,699	25,592,000	185,018	158,368	3,202,085
Nebr.	3,700,000	589,686	55,407,000	397,477	64,699	1,051,862
Nev.	3,161,000	607,748	6,526,000	46,990	34,877	689,615
N. H.	36,000	7,231	35,000	253	382	7,866
N. J.	52,000	10,646	302,000	2,177	670	13,493
N. Mex.	12,329,000	1,874,528	4,985,000	35,678	125,786	2,035,992
N. Y.	1,179,000	235,500	5,597,000	44,984	14,571	295,055
N. C.	188,000	40,782	1,075,000	4,979	2,421	48,182
N. Dak.	5,380,000	920,227	27,932,000	200,753	67,753	1,188,733
Ohio	11,136,000	2,059,295	29,740,000	168,533	126,355	2,354,183
Okla.	1,724,000	237,602	9,305,000	64,354	21,895	323,851
Oreg.	7,153,000	1,400,752	21,507,000	151,537	82,210	1,634,499
Pa.	1,493,000	311,251	2,524,000	18,036	16,186	345,473
R. I.	10,000	1,932	16,000	92	105	2,129
S. C.	39,000	8,220	61,000	442	416	9,078
S. Dak.	10,503,000	1,918,360	54,292,000	400,896	132,171	2,451,427
Tenn.	1,351,000	268,825	10,881,000	69,136	18,944	356,905
Texas	49,680,000	9,095,504	26,204,000	190,307	509,871	9,795,682
Utah	11,585,000	2,104,973	46,244,000	332,928	138,964	2,576,865
Vt.	49,000	10,294	166,000	1,070	569	11,933
Va.	1,581,000	310,600	14,875,000	89,692	23,251	423,543
Wash.	3,238,000	570,543	16,139,000	116,098	40,440	727,081
W. Va.	1,492,000	314,759	11,426,000	78,347	20,630	413,736
Wis.	2,304,000	320,241	9,894,000	73,548	22,551	416,340
Wyo.	19,238,000	3,197,870	26,627,000	191,704	205,689	3,595,263
Unidentified		122				122
Total	259,670,000	$46,894,514	278,210,000	$6,849,518	$3,077,031	$56,821,063

(d) Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account, amounts estimated to be required for National office direction and for carrying out, or cooperating in carrying out, various programs assigned to the State Agricultural Stabilization and Conservation Offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them through the Commodity Stabilization Service. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitations for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1957, as shown below and base for 1958	$20,944,033
Transfers, 1958, as shown below	23,288,943
Increase	+2,344,910

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1956	1957 (estimated)	1958 (estimated)	Increase or Decrease
Agricultural Conservation Program:				
For administration of agricultural Conservation Program	$4,133,300	$4,291,215	$4,483,595	+192,380
Acreage Allotments and Marketing Quotas:				
For administration of acreage allotment and marketing quota programs	6,113,506	6,106,100	6,380,100	+274,000
Sugar Act Program:				
For administration of sugar payment program	1,155,220	1,320,018	1,382,518	+62,500

Purpose for which funds are transferred into this account	1956	1957 (estimated)	1958 (estimated)	Increase or Decrease
Disaster Loans, etc., Revolving Fund, Department of Agriculture:				
For activities in connection with accepting applications for feed, issuing purchase orders to farmers and certificates to dealers in designated disaster areas	132,000	310,000	- -	-310,000
Soil Bank Program:				
For administration of Soil Bank Act	352,992	4,615,500	6,535,500	+1,920,000
Other:				
For services in connection with price support programs and other miscellaneous programs	4,249,762	4,301,200	4,507,230	+206,030
Total available for obligation	16,136,780	20,944,033	23,288,943	+2,344,910
Unobligated balance, estimated savings	718,328			
Contributions to retirement fund			[977,145]	[977,145]
Total obligations	15,418,452	20,944,033	23,288,943	+2,344,910

WORK PERFORMED WITH FUNDS OBLIGATED IN 1956

Agricultural Conservation Program

Applications processed	1,023,248
Total farms	5,466,086
Participating farms	1,123,523
Counties in program	3,067

Acreage Allotments and Marketing Quotas

	Allotments Established	Allotted Acreage	Counties in Program
Tobacco	609,000	1,364,385	953
Peanuts	127,063	1,730,112	497
Wheat	1,554,102	55,000,000	2,510
Cotton	967,260	17,436,609	1,096
Corn	1,687,162	43,280,543	840
Rice	17,979	1,639,084	155

Sugar Program

Number of farms	51,359
Number of acres (includes 475,000 harvested acreage for Puerto Rico, Hawaii, and Virgin Islands)	1,559,870
Number of counties	303

Price Support

Number of warehouse-stored loans	345,030
Number of farm-stored loans	455,490
Number of counties having completed loans	2,313
Number of lending agencies (approved)	5,235
Number of reinspections of farm-stored commodities	1,170,667
Number of loans and purchase agreements under which CCC acquired the commodity	641,700

Grain Storage Structure Program

Number of storage-structure sites	4,012
Number of storage structures	208,119

National Wool Act Payments Program

Number of farms with sheep and lambs	320,314
Number of counties with sheep	2,975

1955 Emergency Feed Program

Number of counties	325
Number of purchase orders issued	265,884
Number of dealers' certificates issued	38,918

(e) Local Administration, Section 388, Agricultural Adjustment Act of 1938

This appropriation account for Agricultural Stabilization and Conservation county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C 1281-1407). There are transferred into this appropriation acccunt amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the ASC county offices.

The ASC county and community committees are responsible for the local administration of programs dealing directly with farmers. The elected ASC county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations, unless otherwise provided by other laws, from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1957, as shown below and base for 1958	$160,848,153
Transfers, 1958, as shown below	169,451,451
Increase	+8,603,298

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedule)

Purpose for which funds are transferred into this account	1956	1957 (estimated)	1958 (estimated)	Increase or Decrease
Agricultural Conservation Program: For administration of Agricultural Conservation Program	$18,378,200	$19,816,385	$21,254,385	+$1,438,000
Acreage Allotments and Marketing Quotas: For administration of acreage allotment and marketing quota programs	32,550,235	34,531,900	36,294,900	+1,763,000
Sugar Act Program: For administration of sugar payment program	488,280	741,982	741,982	- -

Purpose for which funds are transferred into this account	1956	1957 (estimated)	1958 (estimated)	Increase or Decrease
Disaster Loans, etc., Revolving Fund, Department of Agriculture: For activities in connection with accepting applications for feed, issuing purchase orders to farmers, and certificates to dealers in designated disaster areas	330,100	1,001,886	- -	-1,001,886
Soil Bank Program: For administration of Soil Bank Act	3,324,316	50,500,000	55,000,000	+4,500,000
Other: For services in connection with price support programs and other miscellaneous services	40,780,287	54,256,000	56,160,184	+1,904,184
Total available for obligation	95,851,418	160,848,153	169,451,451	+8,603,298
Unobligated balance ...	a/3,904,681	-	-	-
Obligations incurred ...	91,946,737	160,848,153	169,451,451	+8,603,298

a/ Includes $3,838,642 for return to advancing appropriations and accounts.

Funds from this appropriation account are advanced to the ASC county committees each month or quarter on the basis of their estimate of requirements for the period less any unobligated balances on hand. These advances are deposited in the county committee bank accounts and used to pay the expenses of the committees. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year-end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1953, $1,211,860; 1954, $3,220,994; 1955, $2,689,006; 1956, $2,638,264.

The ASC county committees perform certain functions for the Commodity Credit Corporation in connection with the CCC grain storage structure program and other CCC programs. This work which includes erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., is paid for from the county committee bank accounts. Funds for these purposes are transferred into the account from the Commodity Credit Corporation corporate funds. The CCC funds in the account are then advanced to the ASC county committees in the same manner as other funds. The amount of advances in the fiscal year 1956 was $33,228,000 and is estimated at $46,380,000 for the fiscal year 1957 and $47,624,184 for the fiscal year 1958.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1956

Agricultural Conservation Program

Applications processed	1,023,248
Total farms	5,466,086
Participating farms	1,123,523
Counties in program	3,067

Acreage Allotments and Marketing Quotas

	Allotments Established	Allotted Acreage	Counties in Program
Tobacco	609,000	1,364,385	953
Peanuts	127,063	1,730,112	497
Wheat	1,554,102	55,000,000	2,510
Cotton	967,260	17,436,609	1,096
Corn	1,687,162	43,280,543	840
Rice	17,979	1,639,084	155

Sugar Program

Number of farms	51,389
Number of acres (includes 475,000 harvested acreage for Puerto Rico, Hawaii, and Virgin Islands)	1,559,870
Number of counties	303

Price Support

Number of warehouse-stored loans	345,030
Number of farm-stored loans	455,490
Number of counties having completed loans	2,313
Number of lending agencies (approved)	5,235
Number of reinspections of farm-stored commodities	1,170,667
Number of loans and purchase agreements under which CCC acquired the commodity	641,700

Grain Storage Structure Program

Number of storage structure sites	4,012
Number of storage structures	208,119

National Wool Act Payments Program

Number of farms with sheep and lambs	320,314
Number of counties with sheep	2,975

1955 Emergency Feed Program

Number of counties	325
Number of purchase orders issued	265,884
Number of dealers' certificates issued	38,918

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually recevied or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allotment from:			
Disaster Loans, etc., Revolving Fund			
Agriculture - For emergency assistance in furnishing feed to farmers and stockmen in disaster areas	$852,271	$1,600,000	--
Soil Bank Program,			
Agriculture:			
Acreage reserve program	3,602,197	728,504,747	$759,687,596
Conservation reserve program	156,336	486,158,000	480,066,804
Total, Soil Bank Program	3,758,533	1,214,622,747	1,239,754,400
Total, Allotments	4,610,804	1,216,262,747	1,239,754,400
Allocations and Working Funds (Advances from other agencies)			
Agricultural Marketing Service:			
Removal of surplus agricultural commodities:			
Direct purchases	206,743,042	213,128,000	213,128,000
Encouragement of exportation	1,442,831	--	--
Diversion to by-products and new uses	3,231,224	9,040,000	9,040,000
Surplus removal, operating expenses	448,222	785,000	825,000
Total, Removal of surplus agricultural commodities	211,865,319	222,953,000	222,993,000
School Lunch Program:			
Food assistance:			
Commodity procurement (sec. 6)	14,825,739	15,000,000	14,962,600
Operating expense	78,097	116,000	115,800
Total, School Lunch Program	14,903,836	15,116,000	15,078,400
Total, Agricultural Marketing Service	226,769,155	238,069,000	238,071,400
Department of the Air Force:			
For indexing and preparation of aerial photographs for mosaic and charting purposes	84,645	--	--

(Continued on next page)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
International Cooperation Administration:			
For providing or procuring commodities for other agencies for distribution to foreign claimants	41,531,004	41,114,000	- -
Federal Civil Defense Administration:			
Food planning for defense emergency conditions	- -	- -	80,000
Total, Allocations and Working Funds	268,384,804	279,183,000	238,151,400
Trust Fund:			
Miscellaneous Contributed Funds, Department of Agriculture - For aerial survey and preparation of photographs and charts	171,511	51,839	56,000
Obligations Under Reimbursements from Governmental and Other Sources:			
Agricultural Conservation Program:			
For sale of aerial photographs	271,577	457,000	457,000
Commodity Credit Corporation:			
(administrative expense limitation):			
Supply and foreign purchase program	296,764	350,000	368,000
International wheat agreement	179,760	235,000	243,000
National wool act	636,946	275,000	288,000
Maintenance and Operations, Air Force	- -	84,760	- -
Miscellaneous	6,357	1,749	- -
Prior year advances returned	102,172	2	- -
Total	1,221,999	946,511	899,000
Total, reimbursements	1,493,576	1,403,511	1,356,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	274,660,695	1,496,901,097	1,479,317,800

ADMINISTRATION OF PRICE ADJUSTMENT ACT OF 1938

The sum of $212,000,000 was appropriated by the Price Adjustment Act of 1938, approved June 21, 1938 (52 Stat. 819-820), to enable the Secretary of Agriculture to make parity payments to producers of wheat, cotton, corn (in commercial corn producing area), rice and tobacco. Such sum was to be available until expended. In fiscal year 1956, $1,140.00 was transferred to the appropriation "Parity Payments, Department of Agriculture" and then to the surplus fund of the Treasury. All subsequent collections will be deposited directly to the surplus fund of the Treasury.

PASSENGER MOTOR VEHICLES

The Commodity Stabilization Service will not acquire or replace any passenger motor vehicles or station wagons during the fiscal year 1958. Disposition will be made in fiscal year 1957, in accordance with Government regulations, of six passenger motor vehicles located in the Continental United States. The Service is contemplating the use of GSA motor pools which are conveniently located to CSS operations throughout the Continental United States.

The three remaining vehicles are located in Puerto Rico and Hawaii and are used for official travel in connection with the Agricultural Conservation Program, Sugar Act Program and other related activities. The Commodity Stabilization Service requires special monthly reports on the use and condition of these vehicles.

The age and mileage data for the passenger motor vehicles on hand as of June 30, 1956, follows:

Age-year Model	Number of Vehicles	Lifetime Mileage	Number of Vehicles
1956	1	0-999	1
1953	1	20,000-29,999	3
1951	2	50,000-59,999	1
1950	3	60,000-79,999	1
1949	1	80,000-99,999	2
1946 and older	1	100,000 and over	1
Total	9	Total	9

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly owned Government Corporation created February 16, 1938, (7 U.S.C. 1501) to carry out the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

In accordance with the established policy of limited operations on an experimental basis, the 1957 crop insurance program will operate about 1,000 county programs, furnishing insurance coverage of approximately 401 million dollars on wheat, cotton, flax, corn, tobacco, beans, citrus, multiple crops, soybeans, barley, and peaches. It is estimated that 410,000 contracts will be in effect for the 1957 crop year, an increase of 85,000 over 1956.

Summary of Insurance Operations and Changes in Capital

	Fiscal Years		
	1956	1957	1958
Net capital at beginning of year	$19,267,943	$15,294,401	$19,188,401
Additions to capital during the year:			
Insurance premiums (net)	22,322,894	22,174,000	28,333,000
Interest and other income	87,419	100,000	100,000
Subscription to capital stock	--	13,000,000	--
Total capital available for insurance operations during year	41,678,256	50,568,401	47,621,401
Deductions from capital during the year:			
Insurance indemnities	25,404,874	28,308,000	25,500,000
Loss adjustment and inspection costs	534,232	850,000	1,000,000
Administrative expenses charged to program operations	221,749	2,000,000	2,000,000
Provision for estimated bad debts ..	223,000	222,000	283,000
Total deductions from capital	26,383,855	31,380,000	28,783,000
Net capital at end of year	15,294,401	19,188,401	18,838,401

The crop insurance programs are developed and analysed in the Washington headquarters office and are administered in the field by 22 FCIC state or area offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation, and by FCIC employees hired on a temporary basis. Detailed program accounting and statistical functions are performed by a Branch office in Chicago. As of November 30, 1956, the Corporation employed 513 full-time employees, 105 of whom were in Washington and the balance in the field, and 634 part-time employees, all in the field.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds (Operating Expenses)	$6,210,000	$7,300,000

Operating and Administrative Expenses

	Appropriation	Administrative Expenses Payable From Premium Income	Total
Appropriation Act, 1957 and base for 1958	$6,210,000	$2,000,000	$8,210,000
Budget Estimate, 1958	7,300,000	2,000,000	9,300,000
Increase	+1,090,000	--	+1,090,000

Note: As explained in more detail below, the 1958 Budget estimate includes $2,000,000 for operating and administrative expenses of the Corporation payable from premium income. For clarification and completeness, the following schedules and justification explain the total estimate of $9,300,000 required for administrative expenses, consisting of $7,300,000 direct appropriation and $2,000,000 payable from premium income.

SUMMARY OF INCREASES, 1958

Increase in underwriting and actuarial analysis costs	+45,600
Increase in contract sales and servicing costs	+826,100
Increase in crop inspections and loss adjustment costs	+51,600
Increase for retirement costs pursuant to Public Law 854	+166,700

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
1. Underwriting and actuarial analysis	$565,468	$834,000	+$29,400	+$45,600(1)	$909,000
2. Contract sales and servicing	5,306,839	6,785,000	+110,900	+826,100(2)	7,722,000
3. Crop inspections and loss adjustments	559,427	591,000	+ 26,400	+ 51,600(3)	669,000
Unobligated balance ...	31	- -	- -	- -	- -
Total retirement costs (P.L. 854)	- -	- -	[+166,700]	[+10,200]	[176,900]
Total available or estimate	6,431,765	8,210,000	+166,700(4)	+923,300	9,300,000
Deduct: Obligations payable from premium income	221,749	2,000,000	- -	- -	2,000,000
Total appropriation ...	6,210,016	6,210,000	+166,700	+923,000	7,300,000
Comparative transfer to "Salaries and Expenses, Office of Secretary of Agriculture"	4,184				
Total appropriation or estimate	6,214,200				

INCREASES

(1) Increase of $45,600 under the Project, "Underwriting and Actuarial Analysis".

One of the most important and difficult phases of crop insurance work is the establishment of rates and coverages. They must be set at a level that will produce sufficient premium income over a given period of years to cover indemnities and at the same time be within range of the farmer's concept of economy. From an insurance standpoint, experience on which rates and coverages can be based is extremely limited.

1958 Actuarial Workload. Expansion of the crop insurance program into 50 additional counties is budgeted for 1958, at which time there will be 1,050 county programs. It is estimated that approximately 30 of the 1,000 county programs active in 1957 will have to be replaced. Consequently, actuarial data for 80 new county programs will have to be developed. In the course of developing these data, underwriting histories of approximately 150 counties will have to be reviewed in order to select those which appear to be best suited for crop insurance purposes.

The underwriting experience in 970 county programs in effect for 1957, which will also be operative in 1958, will also have to be completely reviewed. In these counties adjustments will be made, both on an individual farm basis to more adequately reflect the risk of various insured farms, and on a county basis where, because of general loss experience in the county, the rates and coverages appear to be out of line.

Effect of recent losses on underwriting work. Because of recent losses which have been experienced, the work of the Underwriting Division has greatly increased. Individual county rates must be worked more thoroughly and revised more often in order to maintain a proper balance of premium income. Numerous additional productivity studies must be made in order to properly evaluate the risk in counties where programs are now operative and in new counties in which the Corporation proposes to place a program.

Special study of underwriting experience. In 1958 it is proposed to set up a research staff in the Underwriting Division to make studies of all the underwriting experience of the Corporation, including the analysis of new farming practices. As soon as these studies are completed for each crop, the Corporation would then determine what action should be taken from an actuarial standpoint to bring present premium rates in line with the findings of such studies. Plans for this review have been made pursuant to a resolution adopted by the Board of Directors on December 16, 1955.

Crop production and yield statistics. Historical records of crop production on a county basis by farming practice constitute an important phase of the basic material used in the development of crop insurance rates and coverages. This information is required annually on approximately 22 crops for about 1,050 counties. The cost of compiling this information with Corporation personnel would be prohibitive. Therefore, contractual agreements are made with other Government agencies for supplying this data from records already compiled for other purposes. The charges for this service cover the cost of compiling the data on a basis applicable to crop insurance needs.

The estimated workload and costs for fiscal years 1957 and 1958 are as follows:

Underwriting and Actuarial Analysis

	F. Y. 1957		F. Y. 1958		Increase or Decrease	
	No. of Counties	Cost	No. of Counties	Cost	Retirement Costs	Other
1. County survey work	1,000	$150,400	1,050	$150,400	--	--
2. Crop production and acreage yield statistics	--	25,000	--	25,000	--	--
3. State, branch, and headquarters servicing costs	1,000	658,600	1,050	733,600	+$29,400	+$45,600
Total Cost		834,000		909,000	+ 29,400	+ 45,600

(2) Increase of $826,100 under the Project, "Contract Sales and Servicing." Major emphasis on sales and servicing in 1958. The increase budgeted for this project is the largest of the three projects constituting the Corporation's budget for the 1958 fiscal year. While all three phases of the program (underwriting - sales - loss adjustment) are important, and must be well administered if a successful crop insurance program is developed, increased emphasis needs to be placed in 1958 on the sales and servicing of contracts. The emphasis on this phase of the work has these objectives:

(a) A greater participation in the program in areas where the Corporation's liability is not now so concentrated in order to obtain a better balance of risk.

(b) Additional premium income to offset the current deficit.

(c) The development of a more highly-trained sales force.

(d) A more concerted effort to improve the soundness of the program by increased selectivity in the writing of new business.

The budgeted contract workload for the 1957 and 1958 crop years by commodity is as follows:

Sales Summary by Commodity -- Crop Year 1957

Commodity	1956 Participation	Carryover from 1956	Crop Year 1957 Sales: Replacement of Cancellations	Crop Year 1957 Sales: Increase in Participation	Crop Year 1957 Sales: Total	Contracts in Force 1957	Number of County Programs
Barley	1,695	1,300	395	4,005	4,400	5,700	15
Beans	3,776	2,500	1,276	1,024	2,300	4,800	17
Citrus	345	300	45	555	600	900	3
Corn	41,710	30,600	11,110	2,490	13,600	44,200	118
Cotton	29,975	17,700	12,275	12,425	24,700	42,400	126
Flax	17,256	13,500	3,756	2,244	6,000	19,500	52
Multiple	35,260	25,200	10,060	32,340	42,400	67,600	121
Peaches	--	--	--	200	200	200	2
Soybeans	1,560	1,200	360	1,840	2,200	3,400	7
Tobacco	80,796	54,200	26,596	20,704	47,300	101,500	148
Wheat	112,576	87,200	25,376	7,224	32,600	119,800	391
Total	324,949	233,700	91,249	85,051	176,300	410,000	1,000

Sales Summary by Commodity -- Crop Year 1958

Commodity	1957 Participation	Carryover from 1957	Crop Year 1958 Sales: Replacement of Cancellations	Crop Year 1958 Sales: Increase in Participation	Crop Year 1958 Sales: Total	Contracts in Force 1958	Number of County Programs
Barley	5,700	4,500	1,200	3,000	4,200	8,700	22
Beans	4,800	3,500	1,300	200	1,500	5,000	18
Citrus	900	800	100	600	700	1,500	6
Corn	44,200	33,000	11,200	3,800	15,000	48,000	125
Cotton	42,400	26,000	16,400	7,600	24,000	50,000	136
Flax	19,500	16,000	3,000	--	3,000	19,000	35
Multiple	67,600	49,000	18,600	7,400	26,000	75,000	144
Peaches	200	--	200	--	200	200	4
Soybeans	3,400	2,600	800	1,600	2,400	5,000	12
Tobacco	101,500	69,000	32,500	9,000	41,500	110,500	158
Wheat	119,800	94,600	25,200	7,300	32,500	127,100	390
Total	410,000	299,000	110,500	40,500	151,000	450,000	1,050

Sales and servicing of crop insurance contracts. Beginning with the 1954 crop year, the sales and servicing of crop insurance contracts was handled by private agents on a commission basis, with a flat fee and percentage of premium being paid for each contract in force.

SERVICE AGENTS - After two years experience with that method of operation, it was evident that the regular agent's plan would not operate satisfactorily in all counties. Difficulty occurred in those counties where because of low premium income, the agents' commission was not sufficient to interest capable agents to handle the program. It was therefore necessary for the Corporation to develop other means for performing this work at the county level. In approximately 253 counties the program is now being serviced by a "service agent". This agent, under contractual agreement with the Corporation, is paid a specific amount each month to maintain and operate a contract servicing office. The necessary field work, including solicitation of new business, is performed by Corporation personnel on a per diem basis. Experience under this type of operation is not yet sufficient to definitely establish that it is the most economical and efficient, but it now appears that this arrangement probably will be best suited to the Corporation's needs in some counties.

REGULAR AGENTS - The program is serviced in 626 counties by regular agents. In the counties where the Corporation has been able to obtain capable agents, the performance has been most satisfactory. These agents operate on a commission schedule as follows:

New contracts	-	$4.00 + 10% of premium collected, but not to exceed an average of $30.00 per contract.
Carryover contracts	-	$4.00 + 5% of premium collected, but not to exceed an average of $15.00 per contract.
Collection of old accounts	-	5% of amount collected or $4.00 per account, whichever is greater, except that the collection fee shall not exceed 25% of the amount collected.
Sharecroppers	-	$1.00 for each person in excess of one insured under a contract.

Increase in agents' commission rates. When the sales and servicing of contracts was transferred to private agents, the Corporation had little or no factual data on which to base the commission rates. Therefore, commission rates were established at minimum levels so that they could eventually be adjusted upward as additional operating experience indicated the need for such action.

The current agents' commission rate for the acquisition of new business is $4.00, plus 10% of the premium collected. At the current rates, agents' commissions average about 16% of premium income on new business and 11% on carryover contracts. There is of course considerable variation by individual county. This is well below commission rates paid by commercial insurance companies, notwithstanding that because of the nature of the

crop insurance program, the agent has considerably more work to perform in servicing the crop insurance contract. Experience has shown that when consideration is given to the cost of acquisition of new business, current commission rates being paid by the Corporation are not sufficient incentive to encourage adequate sales effort or to interest capable sales personnel.

Therefore, in the 1958 estimate, provision has been made for increasing agents' commissions on new sales to 12½% on the premium collected. The agents will be instructed that the additional compensation is to be applied to the writing of new business with greater expenditures being made by them for television and newspaper advertising, etc.

More aggressive sales campaign planned. Heavy losses experienced by the Corporation the past few years have had a marked effect on participation in the program by limiting the areas in which new business should be acquired.

All-risk crop insurance protection with a few minor exceptions, is not available to the farmer from any other source than that offered by the Corporation. While one of the objectives of the program is to make this protection available to as many farmers as possible, due consideration must be given to the risk involved in order to carry out the intent of Congress for the development of a sound crop insurance program. The extensive drought which has continued for the past several years, has increased the degree of risk in offering crop insurance in many large areas of the country. The Corporation has withdrawn the program from some counties and has terminated the acceptance of new business ahead of established closing dates in order to exclude participation in the program representing greater than normal risk. As long as these unfavorable conditions exist, sales programs in these areas will be very limited.

In addition, a large percentage of the Corporation's liability now exists in the major wheat producing areas and any damage of general nature to the wheat crop is sufficient to influence the Corporation's experience from a financial standpoint for all crops in any one year.

In order to increase premium income and offset the concentrated risk, additional participation must be obtained in other areas and on other crops. Experience has shown that insurance is generally more difficult to sell in these areas and the premium income per contract is not as high.

With this situation existing, concerted attention must be given to sales efforts, both in the 1957 and 1958 fiscal years. Activity in this direction has already begun with the development of a specialized sales corps consisting of Key Fieldmen, who have shown in actual operation that they are good salesmen. These fieldmen will be used not only for sales, but also for training other sales agents. Previously, sales campaigns were conducted most intensively approximately one month before the insured crop was planted. Plans are now being formulated for conducting a year-around concerted sales effort in areas where the Corporation considers the risk normal, or better. This phase of the sales work will be accelerated during the next two years.

Need for more highly-trained agents. Despite the fact that there is considerable risk in the production of crops, it has been the experience of the Corporation that the farmer generally needs to be convinced that he

should have the protection provided by crop insurance. This is especially true when the farmer is conscious of operating expenses and feels that he must do everything possible to reduce them.

Since the Corporation has been handling the sales and servicing of contracts by private agents, it has carefully analyzed the results of sales programs. These analyses indicated that sales agents had not been receiving sufficient specialized instruction and supervision. An individual, to be a good crop insurance salesman, must possess special qualities and abilities to be successful, the same as in any other insurance line.

As an experiment, a few employees who had shown special sales ability, were selected and given additional training. After achieving a very satisfactory performance in their own state, they were transferred to other states to sell insurance on other crops and obtained similarly good results.

In order to develop an efficient and economical crew of sales agents, similar specialized training must be given to a larger number of fieldmen. This training plan has already been started and will continue with additional emphasis in 1958.

Carryover business. In order to maintain continuous participation in the program and avoid the cost of rewriting all business each year, a continuous crop insurance contract is used which remains in force until canceled by either the Corporation or the insured. The cancellation ratio for 1955 contracts was 24% the same as for 1954 contracts. The following table summarizes 1955 contract cancellations by crop programs:

Cancellation Rate, 1955
(per cent)

	Producer	Corporation	Total	Participation Rate
Beans	15	15	30	27
Citrus	10	1	11	12
Corn	17	5	22	17
Cotton	20	19	39	16
Flax	12	6	18	44
Multiple Crop	15	7	22	20
Soybeans	21	2	23	14
Tobacco	20	12	32	28
Wheat	11	7	18	26
All Commodities	15	9	24	23

Estimated cost of fiscal years 1957 and 1958 for contract sales and servicing is as follows:

Contract Sales and Servicing Costs

	1957			1958			Increase or Decrease	
	Contracts	Counties	Cost	Contracts	Counties	Cost	Retirement Costs	Other
County Cost:								
Agents' Commission ...	281,390	626	$2,815,235	281,600	601	$3,025,522		+$210,287
Other	128,610	374	1,480,027	168,400	449	1,937,237	+$4,500	+ 452,710
Total County Cost ..	410,000	1,000	4,295,262	450,000	1,050	4,962,759	+ 4,500	+ 662,997
State, Branch, Headquarters, servicing cost	410,000	1,000	2,489,738	450,000	1,050	2,759,241	+106,400	+ 163,103
Total cost	--	--	6,785,000	--	--	7,722,000	+110,900	+ 826,100

(3) Increase of $51,600 under the Project, "Crop inspections and loss adjustments"

Heavy losses increase loss adjustment workload. For the past few years, because of the extensive damage which has occurred to insured crops, crop inspection and loss adjustment work has been a major phase of the Corporation's activities. Each time an insured crop is materially damaged, the insured must submit a report to the Corporation. A local adjuster then inspects the crop to determine the extent of damage. From one to four inspections may be made on each insurance unit during the crop year.

Preliminary inspections necessary to eliminate uninsured risks. Crop inspection and loss adjustment work is not restricted to examination of damaged crops. During the growing season the Corporation makes preliminary inspections of insured farms carrying large liability contracts, and in those instances where there is some question as to the quality of the insured's farming practices. The purpose of this type of inspection work is to eliminate poor insurance risks on an individual basis and make certain that indemnity payments are made only for insurable causes of loss. The loss adjustment workload for the 1955 crop year was as follows:

Program	Number of Loss Notices Received	Inspections at request of insured	Inspections initiated by Corporation
Beans	548	517	179
Citrus	25	22	0
Corn	10,702	10,325	1,330
Cotton	2,761	2,699	1,618
Flax	4,128	4,069	765
Multiple crops	17,733	17,343	1,127
Soybeans	242	230	12
Tobacco	10,120	8,668	2,790
Wheat	46,868	45,285	6,990
Totals	93,127	89,158	14,811

Loss adjustment organization: The Corporation maintains a force of about 1200 loss adjusters to handle this work. They are employed on a WAE (when actually employed) basis and are under the direct supervision of Key Adjusters. State Directors are primarily responsible for the general supervision of loss adjustment work in the field. The district supervisors are responsible for loss adjustment work in their areas (from 15 to 20 counties). Loss claims are reviewed in the state office and transmitted to the Chicago Branch Office for computation and payment.

The Claims Division of the Washington Office is responsible for the formulation of loss adjustment policies and the overall supervision of loss adjustment activities in the field. In addition, it handles all loss claims and related special cases which cannot regularly be processed

under existing regulations and procedures. Also, this division is responsible for the compilation of data to be used by the U. S. Attorneys in defending the Corporation against suits.

Funds for loss adjustment work. Funds budgeted in this project are for the cost of loss adjustment work performed in the State, Branch, and Washington headquarters office.

The direct cost of loss adjusters are considered as non-administrative expenses and are payable from premium income. Therefore, they are not included in this portion of the budget.

Major improvement in loss adjustment work. In order to improve the quality of loss adjustment work, the Corporation has been developing a small corps of well-trained adjusters to perform most of the adjustment work and to serve as supervisors when heavy losses in any one area make it necessary to employ additional temporary help. Considerable progress has been made toward this goal as reflected in the following table:

	1954 Crop Year	1955 Crop Year
Branch Office:		
Claims received.....	67,208	54,537
Suspension rate.....	6.2%	4.5%
Average days to process each claim.....	18	5½

Increased loss adjustment workload in 1958. The loss adjustment workload is mainly influenced by the type of growing conditions that prevail during the crop year. However, even when normal conditions exist, a certain ratio of contracts in force will be indemnified. Consequently, any increase in contract workload also increases the potential loss adjustment workload. For the 1958 fiscal year the loss adjustment workload relates to the 410,000 contracts budgeted for the 1957 crop year. This is an increase of 85,000 over the 325,000 contracts representing the 1957 fiscal year potential loss adjustment workload.

In addition to the increase of actual loss adjustment work to be performed by adjusters, there will be additional work to be performed by those responsibile for the development of loss adjustment policy in the headquarters office and loss adjustment supervision at the state and county levels:

(a) For the next two years, efforts to reorganize and improve the loss adjustment staff will be accelerated. This will also include closer supervision with more specialized training of adjusters.

(b) Losses must be settled in accordance with the provisions of the crop insurance contract. Any changes in the contract or the writing of insurance on new crops or different farming practices necessitates the preparation of new loss adjustment procedure and policy. When this occurs, the adjusters in the field also must be thoroughly instructed in connection with the new or revised adjustment procedures.

The estimated workload and costs are as follows:

Crop Inspections and Loss Adjustments

	Fiscal Year 1957			Fiscal Year 1958			Increase(+) or Decrease (-)	
	Number of Contracts	Average Cost	Total Cost	Number of Contracts	Average Cost	Total Cost	Retirement Costs	Other
State, branch and headquarters servicing costs	324,949	$1.82	$591,000	410,000	$1.63	$669,000	+$26,400	+$51,600

(4) An increase of $166,700 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

Capital and Insurance Fund

Federal Crop Insurance Corporation: Provided, [That the direct costs of loss adjusters for crop inspections and loss adjustments
1 may be considered as nonadministrative or nonoperating expenses: Provided further,] That not to exceed $2,000,000 of administrative and operating expenses may be paid from premium income.

Subscription to Capital Stock

[To enable the Secretary of the Treasury to subscribe and pay for
2 capital stock of the Federal Crop Insurance Corporation, as provided in section 504 of the Federal Crop Insurance Act (7 U.S.C. 1504), $13,000,000.]

The first change deletes language authorizing the Corporation to consider as nonadministrative or nonoperating expenses the direct costs of loss adjusters for crop inspection and loss adjustment work. It is no longer necessary to include this authority in the Appropriation Act since similar authority is now included as basic legislation in Sec. 10 of the Department of Agriculture Organic Act of 1956, approved August 3, 1956 (Public Law 979).

The second change proposes to delete the language included in the Supplemental Appropriation Act, 1957, which authorized the Secretary of the Treasury to subscribe and pay an additional $13,000,000 for capital stock of the Federal Crop Insurance Corporation in order to provide the Corporation with adequate working capital. It is anticipated that the present working capital will be sufficient for fiscal year 1958.

STATUS OF PROGRAM

The Federal Crop Insurance Corporation is a wholly-owned Government Corporation which furnishes all-risk crop insurance protection against unavoidable causes of loss. The program has been operating in selected counties since 1948 on a limited experimental basis with major attention being given to the development of a sound program. Expansion of program activities has been on a restricted basis, consistent with sound insurance principles.

1955 Operating Experience: For the 1955 crop year there were 319,958 contracts in force, covering approximately 357,000 farmers in 888 county programs. The total insured coverage on 29 commodities was $310 million. The following table indicates the distribution of county participation in the 1955 program by crop and state.

NUMBER OF 1955 CROP INSURANCE PROGRAMS AND COUNTIES

State	Wheat	Tobacco	Cotton	Corn	Multiple	Flax	Beans	Soybeans	Total Programs	Total Counties
Alabama			15						15	15
Arizona			1						1	1
Arkansas			11		1				12	12
California	4		1						5	5
Colorado	15				5		2		22	22
Connecticut		1							1	1
Florida		5							7*	7*
Georgia		16							16	16
Idaho	10						5		15	15
Illinois	23			7	3			1	34	30
Indiana	20			12	1				33	28
Iowa				23	11	1		3	38	34
Kansas	66			6	5				77	73
Kentucky		27							27	27
Louisiana			8		2				10	10
Maryland	2			1					3	2
Massachusetts		1							1	1
Michigan	14			1	3		5		23	18
Minnesota	13			16	11	29			69	48
Mississippi			19						19	19
Missouri	20			10	2				32	25
Montana	18								18	18
Nebraska	27			7	3		2		39	36
New Mexico	2		3						5	5
New York	3				1		1		5	5
North Carolina		26	4						30	30
North Dakota	44				9	13			66	53
Ohio	23	3		7	1			2	36	30
Oklahoma	22		1						23	22
Oregon	9				4				13	13
Pennsylvania	5	1		1	2				9	7
South Carolina		8	8						16	14

State	Wheat	Tobacco	Cotton	Corn	Multi-ple	Flax	Beans	Soy-beans	Total Pro-grams	Total Coun-ties
South Dakota	24			5	9	7			45	38
Tennessee		23	6		3				32	32
Texas	18		24		2				44	39
Utah	2				2				4	4
Virginia		14							14	14
Washington	12						1		13	12
West Virginia					1				1	1
Wisconsin		2		6	1				9	8
Wyoming	4				1		1		6	4
Total	400	127	101	102	83	50	17	6	888*	794*

* Totals include two citrus counties.

Indemnity payments of $25,506,667 exceeded premium income of $22,338,374 by $3,168,293 for the 1955 crop year. Heaviest losses were paid in the Southwest Area where the severe drought continued. The wheat program was responsible for the major portion of losses with indemnities exceeding premium income for that crop by $3.5 million. The heaviest wheat losses were paid in the following states:

Colorado	$5,166,000
Oklahoma	3,140,000
Kansas	3,012,000
Texas	1,864,000

Because of the continued adverse weather conditions in this area, many farmers undoubtedly would have been unable to continue their operations without the protection afforded by the crop insurance program. Even though the payment of extensive indemnities has had an adverse effect on the financial condition of the Corporation, the program is fulfilling its objective of furnishing financial protection to farmers who lose their crops because of conditions beyond their control. Of the $25.5 million paid in indemnities to farmers who were in the greatest need of assistance, in excess of $22 million was derived from premium income paid by farmers for this plan of protection. Based on average growing conditions, it is anticipated that future premium income will offset the deficits which occur in years when losses are abnormal because of various catastrophes. Premium income exceeded indemnities in 1955 for the bean, citrus, cotton, flax, soybean and tobacco programs.

Scope of Program: The following table indicates the planned level of crop insurance operations for the 1957 and 1958 crop years as compared to 1956:

	1956 crop year	1957 crop year	1958 crop year
Number of county programs	948	1,000	1,050
Number of commodities insured	22	22	22
Number of contracts in force	324,949	410,000	450,000
Number of farmers insured	366,000	459,100	505,500
Insurance coverage ($1,000)	306,742	401,000	443,000
Premiums ($1,000)	22,174	28,333	31,164
Indemnities ($1,000)	28,308	25,500	28,048
Loss ratio	1.28	.90	.90

Entrance of Private Insurance Companies in the Field of All-risk Crop Insurance: Private insurance organizations have continually evidenced a keen interest in the Corporation's administration of the all-risk crop insurance program. The Corporation has always cooperated to the fullest possible extent in furnishing information on its operations to commercial insurance organizations.

In 1956, the Crop Hail Insurance Actuarial Association offered all-risk insurance, similar to the coverage provided by the Federal Crop Insurance Corporation in selected counties in five Midwestern states (Indiana, Illinois, Nebraska, Iowa and Minnesota). The coverage was written in conjunction with hail insurance provided by that company and was applicable to corn and soybean crops. Tobacco insurance was also offered on the same basis in several counties in Kentucky and Tennessee. The fact that private companies are now becoming interested in writing all-risk insurance indicates that progress has been made toward the development of a sound program of crop insurance protection, which is the ultimate objective of the Corporation.

Development of New Programs: From an insurance standpoint the experience gained to date in the development of an all-risk crop insurance program is very limited. Since this type of a program is without precedent, extensive experimentation will be necessary before rates and coverages are completely refined and an ideal type of insurance protection is developed to meet all of the farmers' needs. Consequently, the Corporation is continually analyzing its operations to achieve this objective.

1. Citrus Insurance - As a result of strong interest on the part of growers, a citrus insurance program was initiated in 1951. The program was first offered in selected areas in Polk County, Florida, and since then has been gradually extended to cover both Polk and Orange Counties. After five years of operation, the experience from an underwriting standpoint, has been very favorable. Premium income during that period amounted to $399,000, with only $6,000 paid in indemnities. Based on experience accumulated during that period, the Corporation met with representatives of the citrus growers in that area and completely reviewed the provisions of the citrus policy. As a result of these discussions, the citrus policy was extensively revised in order to provide a type of protection that would be more suitable to the needs of the growers. Experience obtained in this experiment will provide necessary operating

data to permit the Corporation to eventually extend this type of insurance protection to other citrus areas in the nation.

2. Peach Insurance - As a result of the severe damage, the late freeze and frost inflicted on large areas of commercial peach orchards in the Southeastern States, in the Spring of 1955, intense interest in the development of a peach insurance program has developed. After several meetings with representatives of the peach growers, the Corporation developed a peach insurance policy. The program will be offered in one North Carolina county and one South Carolina county on a very limited experimental basis for the 1957 crop year.

3. Combination Coverage - In past years crops were insured on an individual basis with separate contracts being written for each crop insured. An exception to this was the multiple crop program under which several crops could be insured under one contract. The original multiple crop contract provided joint coverage on all crops insured and the insured was not eligible for an indemnity unless the total production of all crops insured was less than the total coverage. Several years of operation on this basis has indicated that a more flexible type of contract would be desirable.

   The Corporation is now in the process of developing a standard policy under which one or more crops can be insured with losses adjusted separately for each insured crop. Development of this type of policy not only will permit economies in the administration of the program but also will be better adapted to the farmers' needs, especially in those areas where diversified production exists.

4. Barley and Soybean Insurance - In 1955 a soybean insurance program was initiated on a very limited scale. The program was expanded in 1956 and as experience warrants, insurance coverage on this crop will continue to be increased. Likewise, a barley program was started in 1956 and the gradual expansion of coverage on this crop is anticipated.

Program Operating Statistics: There follows statistical data by commodities for the past five crop years. The data on the 1956 crop year are estimated.

BARLEY

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	(No program until 1956)				6
Number of counties					9
Number of contracts					1,695
Percentage of eligible farmers insured					18
Insurance coverage ($1,000)					$1,294
Number of indemnities					170
Premiums ($1,000)					$102
Indemnities ($1,000)					$41
Surplus or deficit (-)($1,000)					$61
Loss ratio					.40

BEAN

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	8	8	6	7	6
Number of counties	30	30	24	17	16
Number of contracts	9,014	8,390	6,352	4,229	3,776
Percentage of eligible farmers insured	30	39	34	30	27
Insurance coverage ($1,000)	$3,173	$4,087	$3,128	$2,035	$1,868
Number of indemnities	622	645	1,240	336	422
Premiums ($1,000)	$198	$230	$182	$135	$122
Indemnities ($1,000)	$110	$142	$291	$89	$115
Surplus or deficit (-)($1,000)	$88	$88	-$109	$46	$7
Loss ratio	.55	.62	1.60	.66	.94

CITRUS

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	1	1	1	1	1
Number of counties	1	1	2	2	2
Number of contracts	202	218	394	324	345
Percentage of eligible farmers insured	12	13	14	11	12
Insurance coverage ($1,000)	$804	$901	$1,586	$1,414	$1,529
Number of indemnities	1	..	..	9	10
Premiums ($1,000)	$56	$63	$105	$94	$107
Indemnities ($1,000)	$2	..	..	$3	$7
Surplus or deficit (-)($1,000)	$54	$63	$105	$91	$100
Loss ratio	.04	..	...	.03	.07

CORN

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	14	13	13	13	13
Number of counties	99	108	99	102	113
Number of contracts	36,598	40,429	32,673	30,820	41,710
Percentage of eligible farmers insured	15	16	14	13	17
Insurance coverage ($1,000)	$31,284	$37,302	$29,433	$27,164	$41,037
Number of indemnities	1,259	1,117	2,348	6,315	17,718
Premiums ($1,000)	$1,350	$1,663	$1,378	$1,366	$2,728
Indemnities ($1,000)	$339	$278	$766	$2,011	$9,348
Surplus or deficit (-)($1,000)	$1,011	$1,385	$612	$645	-$6,620
Loss ratio	.25	.17	.56	1.47	3.43

COTTON

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	12	12	12	12	12
Number of counties	98	109	101	101	116
Number of contracts	38,086	38,434	24,196	19,319	29,975
Percentage of eligible farmers insured	16	23	15	13	16
Insurance coverage ($1,000)	$38,007	$47,190	$28,395	$23,718	$29,871
Number of indemnities	3,629	5,411	3,870	2,107	5,174
Premiums ($1,000)	$2,079	$2,352	$1,494	$1,250	$1,678
Indemnities ($1,000)	$922	$2,460	$839	$1,055	$1,213
Surplus or deficit (-)($1,000)	$1,157	-$108	$655	$195	$465
Loss ratio	.44	1.05	.56	.84	.72

FLAX

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	4	4	4	4	3
Number of counties	59	53	53	50	52
Number of contracts	18,257	23,433	23,451	20,012	17,256
Percentage of eligible farmers insured	28	54	53	46	44
Insurance coverage ($1,000)	$6,195	$8,928	$8,575	$6,011	$5,566
Number of indemnities	1,747	3,754	4,115	2,875	2,025
Premiums ($1,000)	$512	$824	$939	$704	$648
Indemnities ($1,000)	$407	$786	$719	$545	$370
Surplus or deficit (-)($1,000)	$105	$38	$220	$159	$278
Loss ratio	.79	.95	.77	.77	.57

MULTIPLE CROPS

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	32	27	22	23	20
Number of counties	118	113	96	83	101
Number of contracts	42,709	50,217	41,042	32,652	35,260
Percentage of eligible farmers insured	17	23	22	22	20
Insurance coverage ($1,000)	$68,849	$83,487	$68,573	$51,323	$51,718
Number of indemnities	9,867	8,781	10,377	7,888	9,809
Premiums ($1,000)	$3,020	$3,862	$3,210	$2,827	$3,253
Indemnities ($1,000)	$7,048	$3,502	$4,824	$4,024	$4,057
Surplus or deficit (-)($1,000)	-$4,028	$360	-$1,614	-$1,197	-$804
Loss ratio	2.33	.91	1.50	1.42	1.25

SOYBEANS

Item	Crop Year 1952	1953	1954	1955	1956
Number of states				3	4
Number of counties	(No program until 1955)			6	7
Number of contracts				1,091	1,560
Percentage of eligible farmers insured				12	14
Insurance coverage ($1,000)				$455	$687
Number of indemnities				183	243
Premiums ($1,000)				$28	$45
Indemnities ($1,000)				$20	$36
Surplus of deficit (-)($1,000)				$8	$9
Loss ratio				.71	.80

TOBACCO

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	12	12	12	12	12
Number of counties	82	103	107	127	143
Number of contracts	76,973	102,691	83,082	86,754	80,796
Percentage of eligible farmers insured	31	34	30	30	28
Insurance coverage ($1,000)	$52,482	$68,355	$70,634	$72,482	$59,113
Number of indemnities	8,090	24,842	12,047	5,481	5,162
Premiums ($1,000)	$1,543	$2,027	$2,364	$2,722	$2,166
Indemnities ($1,000)	$1,213	$3,853	$2,107	$1,078	$787
Surplus or deficit (-)($1,000)	$330	-$1,826	$257	$1,644	$1,379
Loss ratio	.79	1.90	.89	.40	.36

WHEAT

	Crop Year 1952	1953	1954	1955	1956
Number of states	24	24	24	24	22
Number of counties	390	405	402	400	389
Number of contracts	118,847	142,818	135,697	124,757	112,576
Percentage of eligible farmers insured	23	29	29	27	26
Insurance coverage ($1,000)	$149,422	$187,264	$144,027	$125,245	$114,059
Number of indemnities	17,728	34,740	30,609	26,953	24,777
Premiums ($1,000)	$12,441	$16,073	$12,983	$13,212	$11,325
Indemnities ($1,000)	$10,568	$20,033	$18,485	$16,681	$12,334
Surplus or deficit (-)($1,000)	$1,873	-$3,960	-$5,502	-$3,469	-$1,009
Loss ratio	.85	1.25	1.42	1.26	1.09

SUMMARY

Item	Crop Year 1952	1953	1954	1955	1956
Number of states	43	43	42	41	39
Number of counties	877	922	884	888	948
Number of contracts	340,686	406,630	346,887	319,958	324,949
Insurance coverage ($1,000)	$350,216	$437,514	$354,351	$309,847	$306,742
Number of indemnities	42,943	79,290	64,606	52,147	65,510
Premiums ($1,000)	$21,199	$27,094	$22,655	$22,338	$22,174
Indemnities ($1,000)	$20,609	$31,054	$28,031	$25,506	$28,308
Surplus or deficit (-)($1,000)	$590	-$3,960	-$5,376	-$3,168	-$6,134
Loss ratio	.97	1.15	1.24	1.14	1.28

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes amount which by November 30, 1956, was actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies, and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Obligations Under Reimbursements From Governmental and Other Sources:			
Operating and administrative expenses	$2,425	$2,500	- -

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936, and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. On October 28, 1949, the Rural Electrification Act was amended by Public Law 423, 81st Congress, to authorize REA to make loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period not to exceed 35 years, and bear interest at the rate of 2 percent. Loans to finance wiring installations and electrical and plumbing appliances and equipment are also made at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan over-all operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government's loan. The accumulated experience and sound financial condition of many borrowers is fully utilized in developing and carrying out their operation plans.

In the telephone program, loans are made to both private companies and cooperatives. REA is following the policy of continuous cooperation with the industry in the extension of telephone service to rural areas. REA works with the telephone borrowers in developing sound construction and operating policies, and with manufacturers in the development of efficient and economical telephone equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field. In the interest of protecting loan security, considerable time and attention must be devoted to working directly with borrowers which, for the most part, have had little or no past experience in operating efficient up-to-date rural telephone systems. They are expected, however, to assume responsibility for the operation of their systems.

The Rural Electrification Administration has no field offices. Relations with the borrowers are maintained through offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1956, had 1,019 full-time employees, 807 of whom were in Washington departmental service and 212 in the field service.

	Available, 1957	Budget Estimates, 1958
Loan Authorizations:		
Rural Electrification	a/ $414,000,000	c/ $179,000,000
Rural Telephone	b/ 100,000,000	d/ 60,000,000
Total, Loan authorizations	514,000,000	239,000,000
Salaries and expenses	8,600,000	9,629,000

a/ Includes $200,000,000 supplemental authorization provided in the Second Urgent Deficiency Appropriation Act, April 16, 1957.

b/ Includes reserve authorization of $20,000,000.

c/ Includes proposed reserve authorization of $20,000,000.

d/ Includes proposed reserve authorization of $10,000,000.

(a) Loan Authorizations

Electrification Loans	Loan Authorization	Estimated Loans
Appropriation Act, 1957 (authorization to borrow from the Secretary of the Treasury)	a/ $414,000,000	c/ $340,000,000
Budget Estimate, 1958	b/ 179,000,000	c/ 280,000,000
Change	-235,000,000	-60,000,000

a/ Includes $200,000,000 supplemental authorization.
b/ Includes a proposed reserve authorization of $20,000,000.
c/ In addition to new loan authorization, balances carried over from prior years are available to meet loan requirements.

Telephone Loans		
Appropriation Act, 1957 (authorization to borrow from the Secretary of the Treasury)	a/ $100,000,000	c/$ 80,000,000
Budget Estimate, 1958	b/ 60,000,000	c/ 80,000,000
Change	-40,000,000	- - -

a/ Includes reserve authorization of $20,000,000.
b/ Includes a proposed reserve authorization of $10,000,000.
c/ In addition to new loan authorization, balances carried over from prior years are available to meet loan requirements.

The following tables reflect the loan requirements and funds available for such requirements in the fiscal year 1956 and estimated for the fiscal years 1957 and 1958:

Electrification Loans:

	1956 Actual	1957 Estimate	1958 Estimate
Loan Funds Available			
Loan requirements	$ 192,719,356	$ 340,000,000	$ 280,000,000
Funds available for additional loans	ƒ124,677,530	ƒ100,285,375	ƒ285,375
Total loan funds available	317,396,886	440,285,375	280,285,375
Analysis of Loan Funds Available			
New loan authorization (including reserves)	260,000,000	414,000,000	179,000,000
Carryover from prior year	ƒ55,723,431	ƒ24,677,530	ƒ100,285,375
Rescissions of prior loans	ƒ1,673,455	ƒ1,607,845	ƒ1,000,000
Total loan funds available	317,396,886	440,285,375	280,285,375
Less loan requirements	-192,719,356	-340,000,000	-280,000,000
Less reserves	-100,000,000	- - -	- - -
Balance to next year	24,677,530	100,285,375	285,375

Telephone Loans:

	1956 Actual	1957 Estimate	1958 Estimate
Loan Funds Available			
Loan requirements	$80,980,000	$80,000,000	$80,000,000
Funds available for additional loans	+30,345,176	+53,306,176	+14,306,176
Total loan funds available	111,325,176	133,306,176	94,306,176
Analysis of Loan Funds Available			
New loan authorization (including reserves)	75,000,000	100,000,000	60,000,000
Carryover from prior year	+33,556,176	+30,345,176	+33,306,176
Rescissions of prior loans	+2,769,000	+2,961,000	+1,000,000
Total loan funds available	111,325,176	133,306,176	94,306,176
Less loan requirements	-80,980,000	-80,000,000	-80,000,000
Less reserves	- - -	-20,000,000	-10,000,000
Balance to next year	30,345,176	33,306,176	4,306,176

PROJECT STATEMENT
(On the basis of estimated loans)

By Projects	1956	1957 (estimated)	1958 (estimated)
Loans			
1. Rural electrification	a/$192,719,356	$340,000,000	$280,000,000
2. Rural telephone	80,980,000	80,000,000	80,000,000
Total loan requirements	273,699,356	420,000,000	360,000,000

a/ Includes loans totaling $2,914,556 approved in May, 1955 which were obligated against the 1956 loan authorization.

EXPLANATION OF ESTIMATES

Rural electrification loans. Electrification loans are expected to total about $340 million for fiscal year 1957 and about $280 million for fiscal year 1958. The reduction of $235,000,000 in new loan authorization is possible because of an estimated carryover of $100,285,375 from fiscal year 1957 into fiscal year 1958 and an estimated $1 million in rescissions of prior year loans during the fiscal year 1958.

Rural telephone loans. The telephone loans for fiscal year 1958 are expected to total about $80 million, the same as has been estimated for fiscal year 1957. Though loans for each of the two fiscal years are expected to be about the same, the estimate in new loan authorization reflects a decrease from $100 million in 1957 to $60 million in 1958. This reduction is based on an estimated $33,306,176 in funds to be carried over from fiscal year 1957 to fiscal year 1958 plus an estimated $1 million in rescissions of prior year loans during the fiscal year 1958. The new loan authorization together with the estimated carryover and rescissions would make a total of $94,306,176 available for telephone loans in fiscal year 1958.

(b) Salaries and Expenses

Appropriation Act 1957 and base for 1958	$8,600,000
Budget Estimate, 1958	9,629,000
Increase	+1,029,000

SUMMARY OF INCREASES, 1958

Rural Electrification Program	
For lending and construction activities incident to new loans	+91,105
Rural Telephone Program	
For construction activities incident to new loans	+266,100
For loan security activities with respect to outstanding loans	+240,845
For contribution to the retirement fund pursuant to Public Law 854	+430,950

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
1. Administration of Rural Electrification Program:					
(a) Lending and construction activities - new loans	$1,834,247	$1,854,750	+$98,645	+$91,105	$2,044,500
(b) Loan security activities - outstanding loans	2,511,779	2,640,510	+132,990	- -	2,773,500
Total Administration of rural electrification program	4,346,026	4,495,260	+231,635	+91,105(1)	4,818,000
2. Administration of Rural Telephone Program:					
(a) Lending activities - new loans	1,419,591	1,446,915	+72,635	- -	1,519,550
(b) Construction activities - new loans	1,412,754	1,502,085	+72,715	+266,100	1,840,900

(Continued on next page)

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
(c) Loan security activities - outstanding loans	894,165	1,155,740	+53,965	+240,845	1,450,550
Total Administration of rural telephone program	3,726,510	4,104,740	+199,315	+506,945(2)	4,811,000
Unobligated balance	63,326	- -	- -	- -	- -
Total retirement costs (P.L. 854)	- -	- -	[+430,950]	[+28,050]	[459,000]
Total available or estimate	8,135,862	8,600,000	+430,950(3)	+598,050	9,629,000
Transfer in 1957 estimates to "Salaries and expenses, Office of the Secretary of Agriculture"	+4,138				
Total appropriation or estimate	8,140,000				

INCREASES

An increase of $1,029,000 in administrative expenses for fiscal year 1958 is needed as follows:

(1) $91,105 under the project "Administration of the rural electrification program" for lending and construction activities.

The increase is needed to provide additional staff so that REA may carry out essential work with borrowers and the Atomic Energy Commission in order that farmers and other rural people may obtain maximum benefit from electric power developments in the nuclear energy field. Considerably more man power will be required to handle projects involving nuclear energy because of the lending and construction complexities associated with utilization of this new power source. It is also essential that the agency keep abreast of the progress being made in the atomic power program.

As of November 30, 1956, there were 21 borrowers and borrower groups holding access agreements with the Atomic Energy Commission. During April 1956, the first nuclear power plant proposals by two REA borrowers were approved by the Atomic Energy Commission. On August 28, 1956, a third proposal was approved.

To carry out atomic energy activities, 12 REA employees have AEC security clearance to work as a liaison group. Other employees are involved in the various lending, construction and administrative phases that do not require AEC security clearance. Some of these employees are members of

three-man teams, consisting of two REA employees and one employee of the Office of the General Counsel, assigned to each borrower with an AEC approval. Two such teams have been working with the two borrowers granted approvals in April of 1956. Another team will probably be established to work with the third borrower granted an approval during August 1956.

To carry out this increasing workload the activities of various employees are being diverted from other essential activities. With more than a 50 percent reduction in the electrification staff during the past several years, it is proving extremely difficult to carry out only the most essential activities vital to the continued operation of the program. The workload has continued at a much higher level than had been anticipated. Even with a very optimistic view toward further increases in efficiency and the maximum transfer of responsibilities to the borrowers, it will be impossible to absorb all of the additional workload resulting from nuclear power activities.

It is anticipated that there will continue to be some absorption of the atomic energy workload through increased efficiency and transfers of responsibility to borrowers. Lending and construction work on new distribution loans, to bring central station service to the remaining unserved areas and to heavy up existing facilities, continues to become increasingly difficult. Power supply requirements of rural systems are continually increasing. Helping borrowers find ways to meet these mounting power needs is a principal responsibility of REA and this is a complex task. Many times it is necessary to consider various alternatives, such as interconnections, integration, power exchange agreements, wheeling arrangements, etc. These considerations are time-consuming and an increasing amount of staff time is going into workload on these matters that do not necessarily result in an approved loan during the fiscal year. However, these activities are essential to assuring that farmers will have the advantage of the lowest cost electric service available to meet their needs.

The increase requested will be used to carry out the portion of essential workload in atomic energy activities that cannot be absorbed.

Data pertaining to workload:

	1956 Actual	1957 Estimated	1958 Estimated
Number of loans approved	344	444	420
Amount of loans approved	$189,804,800	$340,000,000	$280,000,000
Unadvanced funds, start of year	$449,623,146	$483,014,946	$631,407,100
Funds advanced, annual	$154,739,545	$190,000,000	$250,000,000
Miles loaned, not constructed, start of year	63,696	63,477	63,477
Miles constructed, annual	23,932	25,000	25,000
KW generating capacity installed, annual...	19,500	158,000	4,500
Consumers served, annual	113,880	100,000	100,000

(2) $506,945 under the project "Administration of the rural telephone program". The increase consists of:

(a) $266,100 for construction activities - new loans

By fiscal year 1958, the construction phase of the rural telephone program will be approaching the annual loan level. With about 45 percent of the total amount loaned since the beginning of the program not yet advanced for construction by the beginning of fiscal year 1958, there will be a significant increase in workload in this activity during the 1958 fiscal year. Funds advanced annually for construction and other purposes incident to new and improved service will increase from $53,919,279 for fiscal year 1956, to about $75 million for fiscal year 1957, and to about $80 million for the fiscal year 1958.

At the start of the fiscal year 1956 the cumulative loans not yet advanced for construction provided for about 112,000 miles of line to provide new or improved service to about 368,000 rural subscribers. By the beginning of fiscal year 1958, unadvanced loan funds will provide for about 146,000 miles of line to provide new or improved service to about 553,000 rural consumers.

During the fiscal year 1956 about 75,000 rural subscribers received new or improved service on about 23,000 miles of line. The steady increase in construction activities will provide new and improved service to about 104,000 rural subscribers on 32,000 miles of line in 1957, and to about 124,000 rural subscribers on 38,000 miles of line in 1958. The construction level contemplated for fiscal year 1958 will enable installation of the facilities at about the same annual rate provided for by annual loans of $80,000,000. The increase in construction activities is inevitable if the objectives of the loans are to be accomplished within a reasonable time after the loans are approved.

It is estimated that part of the increase can be met through increased effectiveness, continued improvements in procedure, and by placing as much responsibility as possible with the borrowers. The additional funds requested for this activity will provide for carrying out the workload that cannot be absorbed.

Data pertaining to workload:

	1956 Actual	1957 Estimated	1958 Estimated
Miles loaned, not completed, start of year	112,253	132,917	145,917
Miles constructed, annual	23,109	32,000	38,000
Miles constructed, cumulative	68,607	100,607	138,607
Subscribers loaned, not yet served, start of year ...	367,683	472,389	553,389
Subscribers served, annual	75,000	104,000	124,000

	1956 Actual	1957 Estimated	1958 Estimated
Subscribers served, cumulative	223,000	327,000	451,000
Unadvanced funds, start of year ...	$134,291,408	$158,583,129	$162,583,129
Advances, annual ..	$53,919,279	$75,000,000	$80,000,000

(b) $240,845 for loan security activities - outstanding loans

Workload in the loan security phase of the telephone program is developing rapidly as construction progresses and as the number of borrowers with operating systems increase. There will be about 700 borrowers by 1958 compared to about 585 in 1957. The number of borrowers that will have all or part of their systems cut over will increase from about 340 in fiscal year 1957 to about 450 for fiscal year 1958.

Cumulative loans will increase more than 50 percent in the two year period from fiscal year 1956 to fiscal year 1958; from the 1956 level of $312,391,542 to a little more than $470,000,000. The amount of these loans advanced to the borrower will increase more than 90 percent; from a little less than $154 million to an estimate of almost $309 million. Principal and interest due on outstanding loans will increase from $2 million in 1956 to over $3 million in fiscal year 1957, and to about $5 million in fiscal year 1958.

Because of extremely narrow operating margins many borrowers may face some difficulties in making their payments. Helping borrowers to get their systems on a sound operating and financial basis is essential to the security of the Government's loans. Many of them have not had experience in the management and technical operation of modern telephone systems and a slight deviation from a sound management course could be serious. Their needs range from proper maintenance of complex central office equipment and adequate accounting records to rate schedule evaluations and various connecting company agreements. These needs will have to be met promptly for the protection of the Government's loan. If necessary attention is delayed it is likely to take many times the expenditure of Government funds than might otherwise be required to correct the situation and in some cases may result in loss of loan funds to the Government.

To date REA has been able to give attention to only the most pressing matters concerned with the operations of the borrowers. The increase requested for 1958 reflects the continuing increase in the number of borrowers and the workload involved in preventing critical situations from occurring and in providing adequate attention to borrowers delinquent in their loan repayments.

Data pertaining to workload:

	1956 Actual	1957 Estimated	1958 Estimated
Cumulative loans, end of year	$312,391,542	$391,391,542	$470,391,542
Cumulative advances, end of year	$153,808,413	$228,808,413	$308,808,413
Total principal due, annual	$1,136,516	$1,715,000	$2,470,000
Number of borrowers, cumulative	466	585	700
Cumulative miles constructed or improved, start of year	45,498	68,607	100,607

(3) An increase of $430,950 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

1956 Electrification Program

Electrification loans for the fiscal year 1956 exceeded the amount loaned during fiscal year 1955 by more than $22 million. It was the largest amount loaned since 1951. Construction activities and funds advanced to borrowers continued at a high rate, and significant progress continued during the year in improving the security of outstanding loans. Program developments during 1956 are highlighted below. Comparable figures on loans and construction for prior fiscal years appear in Tables Nos. I and II.

Lending and Construction

Loans. In the 1956 fiscal year 344 loans were made amounting to $189,804,800. The loans will provide for the construction of approximately 23,700 miles of line to bring electric service to about 171,300 new consumers, for heavying up of existing systems, and for generation and transmission facilities. The amount loaned for each purpose is shown in the following table:

Purpose	1956 Loan Program: Percentage of Total	1956 Loan Program: Amount
Distribution	65.3	$123,907,861
New line construction	(32.1)	(60,836,930)
System improvement (includes Communication Facilities)	(23.2)	(43,972,302)
Other (includes headquarter facilities, deficiencies, contingencies, etc.)	(10.0)	(19,098,629)
Generation	18.2	34,495,000
Transmission	14.1	26,756,939
Section 5 loans (consumer facilities)	2.4	4,645,000
Total loans for year	100.0	189,804,800 a/
Cancellations of prior loans during year		-1,673,455
Net increase during year in cumulative loan obligations		188,131,345

a/ Excludes $2,914,556 obligated in 1955 against loan authorization in 1956 Agricultural Appropriation Act.

Applications. The backlog of applications on hand dropped from $97 million at the beginning of the year to $89.7 million at the end of the year.

Loan funds advanced to borrowers. During the fiscal year 1956, a total of $154,739,545 was advanced to borrowers, mainly from loans of prior years. The amount advanced was $2,002,390 less than the amount advanced during fiscal year 1955. The decrease is due chiefly to the fact that in recent years an increasing percentage of the loans made have been for generation and transmission. Construction under these loans extend over a much longer period of time.

Consumers served and construction progress. During the 12 months ending June 30, 1956, electricity was extended to 113,880 rural consumers through the construction of 23,932 miles of line. During the previous year, 138,602 consumers were connected through construction of 32,439 miles of line.

Loan rescissions. Periodically, REA reviews the status of unadvanced loan funds for all borrowers, as well as doing so each time a new loan is under consideration for a particular borrower. Loans are rescinded or transferred to other needed purposes where it is indicated that borrowers no longer need the remaining unadvanced funds for the purpose for which they were loaned. During the fiscal year 1956, loan rescissions amounted to about $1.7 million.

Loan Security Activities

Loan repayments. Through June 30, 1956, cumulative principal and interest payments amounted to $493,144,519 and $246,129,305, respectively. Payments on principal made ahead of schedule amounted to $95,870,361, while principal and interest payments overdue more than 30 days amounted to $332,363, or slightly more than one-twentieth of one percent of the amount due. The overdue amount does not include principal and interest in the amount of $44,478 on two loans which were foreclosed. Corresponding figures as of June 30, 1955 were:

Payments:	
Principal	$413,277,120
Interest	209,336,270
Repayments ahead of schedule	84,941,595
Payments overdue more than 30 days	398,282
Interest and principal on two foreclosures	44,478

Increased debt service. Borrowers have generally needed a 5-year period after a loan is made to complete construction and develop loads on their lines before achieving a revenue producing level adequate to cover expenses and make repayments on their loans. For

that reason 5-year deferments of interest and principal payments on loans have been granted after which interest and principal payments are scheduled in equal annual installments over the remaining 30 years of the loan period. Since most borrowers have received several loans over a period of time, this means that their total period of debt repayments to REA is substantially greater than 35 years. This frequently means that their debt service obligations will peak sometime during the midpart of their loan period. From 1948 to 1956, annual principal and interest due from borrowers increased from approximately 32 million dollars to over 105 million dollars.

Loan security problems. Since most of the borrowers have not yet reached their peak loan repayment period, any analysis of loan security must go considerably beyond the borrowers present position with respect to loan repayment. One measure is to compare the margin of revenue over expenses (including an allowance for replacements) with the maximum schedule of repayment that would be required if none of the payments were being deferred. This is most meaningful when assessed in terms of the weighted age of the borrower's plant. On this basis, the debt service earned ratios of 131 borrowers fell below expectations as of the end of the calendar year 1955, as compared with 193 as of the end of the calendar year 1954. There were 10 borrowers in default on payments due as of June 30, 1956 as compared to 17 as of June 30, 1955.

The loan security program is directed toward working with borrowers to detect adverse trends and other unfavorable developments which might endanger loan security. Intensive effort is devoted to individual borrowers who are in financial difficulty or represent loan security problems for other specific reasons.

Electric sales program. Except in unusual circumstances reductions in expenses are not of sufficient magnitude to solve loan security problems, and an increase in power sales is often the only practical answer. Also, increased usage of equipment besides resulting in an increase in power sales means a more highly diversified load and an improved load factor or greater kwh sales per kw of demand. With a very small outlay of Federal funds a hard-hitting electric sales program is being carried on. The major effort of REA in this regard is in stimulating borrowers, borrower organizations, power companies, and manufacturing and sales concerns to get together and develop advertising and sales programs aimed directly at the potentially huge rural market. Through this program considerable progress has been made in promoting the increased sale and beneficial use of electric power in rural areas. This will materially strengthen the financial condition of REA borrowers. The increased use of power on farms in addition to bettering the financial condition of the borrowers is reducing the operating costs of farmers by use of this cheapest hired hand.

Other Program and Organizational Highlights

Nuclear power. During the year two REA borrowers, the Rural Cooperative Power Association in Minnesota and the Wolverine Electric Cooperative in Michigan, received approval in principle from the AEC of proposals to construct power plants powered by nuclear reactors. In May of 1956 an REA nuclear-power generator loan was made to the Minnesota cooperative. Basically the REA loan is for a conventional 22,000 kilowatt steam generating plant at Elk River. While the loan provides financing for a conventional boiler, producing steam from coal or gas, it is anticipated that this boiler would not be built if the negotiations with AEC are successful. The cooperative would purchase steam from the reactor (nuclear furnace) to be financed and owned by AEC on a site provided by the cooperative.

Selective approach in work with borrowers. REA policy is to work with borrowers on a selective basis. Electric borrowers having satisfactory operating trends receive the minimum attention needed to assure REA that the long-term outlook does not represent a risk to Government loan funds. On the other hand when studies reveal that a borrower is not likely to meet debt service requirements, that borrower receives major attention from the REA staff. This has made it possible to carry out the workload in the electric program with a much smaller staff than in prior years.

1957 Electrification Program

REA's primary responsibility is for safeguarding the Government security for over three and a quarter billion dollars in loans already made. Attention must also be given to the extension of electric service to the remaining unserved areas as well as to meeting the needs for the ever increasing use of power on existing systems.

Lending and Construction

Applications on hand and rate of receipt. Electric applications on hand amounted to over $89.7 million on June 30, 1956. During the fiscal year 1957 it is expected that an additional $363 million in new applications will be received. Not all of these applications make an immediate contribution to loan demand, of course, since many are withdrawn or returned to the field for reworking. Nevertheless, the figures indicate a heavy loan demand for 1957.

Loans. An estimated six percent of American farms were without central station electric service as of June 30, 1956. Loans to provide service to these establishments involve increasing difficulties as the more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of construction costs, probable revenues and operating costs. The problems of adequate and dependable power supply are great in sparsely settled areas where power sources are scarce and transmission distances are long.

The need for electric loans is not limited to extension of electric service to remaining unserved rural people. As the use of electric power for farm production and rural living increases, borrowers must increase their system capacities to be able to deliver the power required at acceptable voltages to over four million rural consumers. There is an increasing loan need for such purposes as the installation of voltage regulators, new substations, heavier conductor, poles, crossarms, and hardware. Complex lending and construction plans in accordance with comprehensive system planning studies must be worked out to assure that these system improvements are carried on in an orderly and economical way, and to assure the existence of an adequate, dependable, and economical wholesale power supply.

REA expects to loan about $340,000,000 during fiscal year 1957. Loans for extension of new service will provide for about 25,000 miles of line and connection of about 175,000 new consumers. Of the amounts to be loaned, an estimated $95,000,000 will provide for additional generation and transmission capacity, and an estimated $100,000,000 will be loaned for system improvements.

Construction. About 25,000 miles of distribution lines will be energized during 1957, bringing service to an estimated 100,000 new consumers. It is estimated that 3,000 miles of transmission line will be energized, and 158,000 kw of generating capacity installed. On June 30, 1956, loans had been made for about 63,477 miles of line not yet energized; loans through that date would provide service to about 416,000 consumers not then connected.

Advances. Advances of loan funds are estimated at $190 million for the fiscal year 1957. Unadvanced loan funds are expected to approximate $631.5 million on June 30, 1957. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Loan Security Activities

Borrowers' loan repayment schedules are increasing sharply. Repayments of record amounts loaned in recent years are now becoming due. With five year deferrals of interest and principal payments, cumulative loans through fiscal year 1951, just over $2.4 billion, have already reached the repayment stage. On the basis of loans made through June 30, 1956, the figure will steadily increase to over $3.2 billion by fiscal year 1962. The total interest and principal due from borrowers is expected to increase from $105 million in 1956 to about $131 million in 1960. With 35 year loan periods, debt service requirements will continue to gradually increase for a period of years after 1960. REA must work with the electric borrowers in developing them to the point where they can meet these increasing debt service requirements. Intensive effort is devoted to borrowers who currently have unsatisfactory debt service earned ratios. At the end of fiscal year 1956 there were about 131 borrowers in this category.

Condition of physical facilities. Until recent years, borrowers have been operating plants which were substantially new and therefore have required little maintenance. As borrowers' plants become older, effective technical operations and maintenance practices become increasingly more important. With the loads of many borrowers approaching system capacity, skillful operation of these systems takes on ever greater importance. In the fiscal year 1957 more than two thirds of the borrowers' systems will be over five years old and many of these facilities are approaching 10 years of age. The soundness of the physical facilities and their operations is essential if the farmers are to receive adequate service and the Government loan repaid.

REA field engineers make surveys of the borrower's physical plant to ascertain its condition and bring possible improvements to the attention of the borrower. Technical information is continually being developed by the engineering staff for borrowers' use in important aspects of technical operations and maintenance to protect the properties that secure the Government loan.

Organization and operational soundness of borrowers. Continuous work is carried out with loan security borrowers in developing comprehensive management plans and assisting them in business and technical operations until they are back in sound operating status. Experience has shown that if sufficient attention can be given to these borrowers when the first indication of difficulty appears, serious future threats to loan security and probable losses of Government loan funds can be avoided.

Increased borrower revenue. The most effective way to improve a borrower's financial condition is to increase revenue. Substantial progress is being made in this direction through continued progress in the electric sales program, with a moderate outlay of Government funds.

Other Program Highlights

Power supply. The inadequacy of whole sale power supply in certain sections of the country continues to be a major problem. To meet this problem may require new wholesale power contracts, integration of existing REA-financed power facilities with other facilities in the area or generation and transmission by REA borrowers.

Nuclear power may meet some of the future rural electrification needs but it will probably be some time before it can feasibly be adapted to current day problems. REA personnel working with the power supply problems in rural areas are keeping abreast of developments in the nuclear power field. Their close familiarity with the needs of the REA borrowers will assure that borrowers will have the full benefits of nuclear power as soon as it becomes a reality.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I (cumulative figures)

Date	Total Net Loans All Purposes	Miles Constructed (Loan Estimate)	Consumers Served (Loan Estimate)
June 30, 1936	$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,436	80,951	282,802
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,828
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	524,542,502	471,351	1,495,233
June 30, 1946	813,914,990	672,667	2,080,167
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334
June 30, 1953	2,730,009,085	1,351,297	4,195,732
June 30, 1954	2,885,932,099	1,387,441	4,367,045
June 30, 1955	3,050,119,414	1,411,765	4,546,463
June 30, 1956	3,238,250,759	1,435,478	4,717,730
June 30, 1957 (est.)	3,576,642,914	1,460,478	4,892,730
June 30, 1958 (est.)	3,855,642,914	1,485,478	5,067,730

CONSTRUCTION

Table No. II (cumulative figures)

Date	Funds Advanced	Miles Energized	Consumers Served	Total KWH Billed (Annual)
June 30, 1936	$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	311,479,000
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323	8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426	10,603,286,075
June 30, 1953	2,262,225,801	1,271,443	3,951,940	12,560,298,086
June 30, 1954	2,443,754,333	1,315,630	4,109,223	14,947,103,217
June 30, 1955	2,600,496,268	1,348,069	4,187,825	17,788,343,000
June 30, 1956	2,755,235,813	1,372,001	4,301,705	20,664,933,000
June 30, 1957 (est.)....	2,945,235,813	1,397,001	4,401,705	23,500,000,000
June 30, 1958 (est.) ...	3,195,235,813	1,422,001	4,501,705	26,500,000,000

a/ Not available.

1956 Telephone Program

Lending and construction activities reached record levels during the year. The number of loans approved, amounts loaned, amounts advanced, pole miles of line completed, and subscribers served exceeded accomplishments in any previous year. Organizational improvements were also made to keep pace with the growing program. The major achievements during the year are highlighted below:

Lending Activities

Loans. During fiscal year 1956, 207 loans amounting to $80,980,000 were made, including loans to 121 new borrowers. During fiscal year 1955 there were 147 loans amounting to $52,744,000 including loans to 79 new borrowers. Net loans to date now amount to $312,391,542 and will provide funds for new or improved service to an estimated 695,389 rural subscribers, on an estimated 201,524 miles of line.

Applications. Applications continued to come in at a substantial rate during the year; 211 applications in the amount of $76,277,000 were received. These were in addition to $51,088,769 in applications on hand at the beginning of the fiscal year. By the end of the year applications on hand had been reduced to $46,766,000.

Construction Activities

Construction progress. Construction during the year provided new or improved service to about 75,000 rural subscribers, on 23,109 miles of line. On June 30, 1956, contracts and force account proposals had been approved for construction of over 35,000 additional miles.

Advance of funds. Funds advanced to telephone borrowers during fiscal year 1956 amounted to $53,919,279, an increase of 35.5 percent over the 1955 rate. Cumulative advances through 1956 totaled $153,808,413.

Expedition of construction. REA continued to encourage interest on the part of engineering firms to enter the rural telephone field and to acquaint borrower and engineering firm personnel with REA policies and requirements. Through these efforts, together with other contributing factors, the quality of the work of engineering firms has continued to improve. The standardization work of REA staff engineers, and the increased interest of equipment manufacturers in rural telephony as a market has helped to increase the pace of construction. This has been offset to some extent, however, by the limitations of the equipment manufacturers' capacity and the availability of qualified engineers.

Loan Security Activities

Loan repayments. As of June 30, 1956, total amounts due from borrowers were $4,724,913 against which payments of $4,288,813 had been made. Advance payments amounted to $186,295 while amounts

overdue more than 30 days totaled $553,623. Among the principal factors accounting for this overdue amount is that the deferment period accorded early borrowers was for only two years. Furthermore, instead of placing funds under note periodically as they were needed, the entire amount of the loan was placed under note at the time the loan contract was executed. Construction delays, especially the long delays in delivery of central office equipment, produced a situation where borrowers reached the end of their deferment period and were due to make their first payment before their systems were completed. The deferment period on current loans is three years, and amounts are now placed under note to cover only cash needs during the ensuing six months or so, which should materially improve this situation.

Borrowers in operation. Many telephone borrowers face operating problems almost at the time of a loan, since they are either operating existing facilities or acquire operating facilities soon after the loan. Some borrowers have a combination of new and existing facilities. Other borrowers start new systems and must develop a sound operating business and an adequate staff to carry out the daily operations. If borrowers receive the proper amount of attention from REA from the beginning, there is much less risk of serious loan security problems developing in the future. The extent of these needs is shown by the fact that operations work was carried on with 466 borrowers during the fiscal year 1956 as compared with 351 the year before. In comparison the number of borrowers who had cut over REA-financed facilities, rose from 158 on June 30, 1955 to 227 on June 30, 1956.

Loan security problems. During the year intensive effort was devoted to individual borrowers who had not developed a level of operations adequate to assure loan repayment. These borrowers were helped with critical operating problems such as rates, operating budgets, personnel, connecting company agreements, etc. By helping or advising borrowers in matters such as negotiation of an adequate connecting company agreement they have been able to get more favorable terms that permit them to retain more of their toll receipts or pay less for such things as operator assistance service. This type of help from REA assists borrowers to put their operations on a sound financial operating basis. REA also has assisted borrowers in extending their service more rapidly in order to realize their full revenue potential as soon as possible and thereby improve their financial position.

Other Program and Organizational Highlights

Reorganization. Telephone activities have been carried on previously through five operating sections in each of the two divisions. During 1956, in order to obtain a better distribution of the workload of these divisions, eight sections were formed in each of them. The new eight section organization not only balances more evenly the workload but also reduces the number of borrowers for which each section is

responsible and permits a strengthening of the specialized services available to those borrowers with difficult system problems. The program now involves 466 borrowers and new borrowers are being added at the rate of about 100 a year. The new section arrangement is designed to permit REA to better keep pace with the growing program.

SAGE Program. The purpose of the "Sage" program (semi-automatic ground environment) of the United States Air Force is to provide the United States with necessary radar coverage for hostile aircraft detection and automatic means of assimilating the information for defense purposes. The Air Force will lease circuits from the telephone utility in whose area the radar sets are located. REA telephone borrowers are situated in such areas and most of the borrowers involved are making plans to provide the circuits required. REA will assist the borrowers through loan funds and technical assistance in designing the facilities. REA has established close liaison with the Air Force and the American Telephone and Telegraph Company on all aspects of the "Sage" program. To date it is known that 21 borrowers will have "Sage" installations on their systems.

1957 Telephone Program

Lending Activities

Loans. It is expected that loans will total about $80,000,000 for the fiscal year 1957. It is estimated that these loans will provide for new or improved service to about 185,000 rural subscribers on an estimated 45,000 miles of line. Cumulative loans through 1957 will provide new or improved service to about 880,000 subscribers.

Applications. Applications on hand at the beginning of fiscal year 1957 totaled $46,766,000. It is expected that additional applications totaling $100,000,000 will be received during the fiscal year.

Construction Activities

Construction completed and subscribers served. Activity is expected to increase substantially during the fiscal year 1957. It is estimated that 113 borrowers will cut over their exchanges in 1957, bringing total borrowers with exchanges cut over to 340; that 32,000 miles of line will be newly constructed or rebuilt, bringing the cumulative total to 100,607; and that 104,000 subscribers will get new or improved service during the year. It is estimated that by the end of 1957, about 327,000 rural subscribers will have received new or improved service through rural telephone loans.

Advance of funds. With the expected increase in construction activities, advances of funds are estimated at $75,000,000 in 1957, an increase of more than $21,000,000 over 1956. The number of borrowers authorized for advance of funds will increase from 383 in 1956 to over 500 in 1957. The cumulative amounts advanced will rise to about $229,000,000 by the end of the year.

Expedition of construction and new development. The rate of construction has improved as a result of improved engineering procedures and the requirement for complete area coverage surveys prior to the granting of a loan. Private manufacturers are being encouraged to develop and manufacture self-supporting cable, economical small central offices, and other equipment. New technological developments in carrier systems, microwave equipment, and voice repeaters hold promise for extending service to sparsely settled areas, where costs of wire line and other conventional equipment present difficult situations.

Loan Security Activities

Debt service payments. The cumulative amounts of interest and principal due will rise from $4,724,913 through June 30, 1956, to about $8,090,000 through June 30, 1957.

Work with borrowers. The total number of borrowers will rise from 466 on June 30, 1956, to an estimated 585 by June 30, 1957. During fiscal year 1957, REA expects to devote more attention to helping borrowers secure and develop the best management available and to attaining their maximum revenue point as rapidly as possible. Attention will be concentrated on delinquent borrowers and on those experiencing unsatisfactory or adverse financial trends. Many of these borrowers lack experience in the telephone field or with the operation of modern telephone equipment. During 1956, the REA staff devoted more time and attention to these matters than had been possible previously, but these efforts remain substantially less than what is needed in the interests of loan security.

Cumulative statistics. The cumulative figures presented in the following tables show the progress of the rural telephone program since its inception in October 1949.

LOANS

Table No. III (cumulative figures)

Date	Number of Borrowers	Total Net Loans	Loan Estimate: Miles of Pole Line Constructed or Improved	Loan Estimate: Subscribers, New and Improved Service
June 30, 1950	17	$ 3,426,500	3,948	16,837
June 30, 1951	113	41,255,000	41,288	155,816
June 30, 1952	190	82,260,718	72,563	251,050
June 30, 1953	219	118,144,218	88,337	302,597
June 30, 1954	279	184,578,542	125,576	410,657
June 30, 1955	351	234,180,542	157,751	515,683
June 30, 1956	466	312,391,542	201,524	695,389
June 30, 1957 (est.)	585	391,391,542	246,524	880,389
June 30, 1958 (est.)	700	470,391,542	291,524	1,065,389

CONSTRUCTION

Table No. IV (cumulative figures)

Date	Funds Advanced	Miles of Pole Line Constructed or Improved	Subscribers, New and Improved Service
June 30, 1950	$ - - -	- - -	- - -
June 30, 1951	155,868	a/	a/
June 30, 1952	7,797,218	204	1,686
June 30, 1953	31,662,022	8,243	24,729
June 30, 1954	60,102,148	26,541	85,000
June 30, 1955	99,889,134	45,498	148,000
June 30, 1956	153,808,413	68,607	223,000
June 30, 1957 (est.)	228,808,413	100,607	327,000
June 30, 1958 (est.)	308,808,413	138,607	451,000

a/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	$5,578	- -	- -

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration, established on November 1, 1946 pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, conducts the following activities:

1. Make direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals, including farm owners, for the purchase, enlargement or development of family-type or the development of less than family-type farms. Loans are also made for the refinancing of existing indebtedness. Direct loans at 4½ percent interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values. Loans for the same purposes advanced by private lenders to eligible applicants are insured in amounts up to 90 percent of the normal value of the farm and necessary improvements for periods up to 40 years at 3½ percent interest, plus one-half of 1 percent as an insurance premium and one-half of 1 percent toward administrative expenses. The Administration services the insured loans, and remits payments to the lenders.

2. Make farm housing loans to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings for periods up to 33 years at 4% interest.

3. Make farm operating (production and subsistence) loans to farmers and stockmen for farm operating expenses and for other farm needs, including the refinancing of indebtedness, and family subsistence. Loans are made up to $10,000 for 1 to 7 years at 5 percent interest with a limit of $20,000 on the total indebtedness and 10 years during which loans may be made to any farmer.

4. Make direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Direct loans are made to farmers and associations at 4½ percent interest for periods up to 20 years for individuals and 40 years for associations. Loans advanced by private lenders for the same periods of time and for the same purposes are insured at 3½ percent interest, plus one-half of 1 percent as an insurance premium and one-half of 1 percent toward administrative expenses.

5. Make emergency loans to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, the Farmers' Home Administration's regular loan programs, or other responsible sources. Production emergency and economic emergency loans are made at 3 percent interest for periods consistent with the ability of the borrower to repay,

usually for one year. Special loans to established livestock producers are made at 5 percent interest for periods not exceeding three years. Loans may also be made at 5 percent interest to bona fide fur farmers but only for supplemental credit to those already indebted for prior loans.

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of real estate loans, this committee certifies to the value of the farm.

On July 1, 1956, the Administration was servicing the accounts of about 281,000 individual borrowers with outstanding indebtedness of $1,004,000,000 principal and interest.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 43 State offices (a few of which service two or more states), about 1,575 county offices serving all agricultural counties, and a Finance Office in St. Louis, Missouri. The Farmers' Home Administration on November 30, 1956 had 5,555 full-time and temporary employees, 206 of whom were in Washington, and the balance in the field, and 9,404 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	Estimated Available, 1957	Budget Estimate, 1958
Borrowing Authorizations:		
Farm ownership	$24,000,000	$50,000,000
Farm housing	a/ 450,000,000	a/ - -
Farm operating (production and subsistence)	180,000,000	180,000,000
Soil and water conservation	5,500,000	5,500,000
Appropriated funds:		
Salaries and expenses	27,750,000	30,000,000
Total	687,250,000	265,500,000

a/ $450,000,000 authorization for farm housing loans provided in Public Law 1020, approved August 7, 1956 for the period 1957-1961. It is estimated that $30,000,000 of this authorization will be used in 1957 and $50,000,000 will be used in 1958.

(a) Loan Authorizations

Appropriation Act, 1957	$209,500,000
Authorization for farm housing loans (P.L. 1020, approved August 7, 1956) available during the period 1957-1961, inclusive	450,000,000
Base for 1958	659,500,000
Budget Estimate, 1958	235,500,000
Decrease	-424,000,000

SUMMARY OF INCREASES, 1958

For additional farm ownership loans	+26,000,000

Note: In addition to the increase of $26,000,000 for farm ownership loans, there is an increase of $20,000,000 in estimated obligations for farm housing loans to provide for estimated loan requirements totaling $50,000,000 in 1958 to be financed from balances carried over from 1957 of the $450,000,000 authorization provided in Public Law 1020, 84th Congress.

PROJECT STATEMENT
(On an available funds basis)

Project	1956	1957 (estimated)	Increase or Decrease	1958 (estimated)
Loan Authorizations				
1. Farm ownership loans	$18,999,999	$24,000,000	+$26,000,000(1)	$50,000,000
2. Farm housing loans	3,760,035	30,000,000	+20,000,000(2)	50,000,000
3. Farm operating loans (production and subsistence)	137,499,999	180,000,000	- -	180,000,000
4. Soil and water conservation loans	1,321,089	5,500,000	- -	5,500,000
Total obligations	161,581,122	239,500,000	+46,000,000	285,500,000
Unobligated balance carried forward	1,332,148	421,332,148	-50,000,000	371,332,148
Unobligated balance no longer available	10,178,913	- -	- -	- -
Total available	173,092,183	660,832,148	-4,000,000	656,832,148
Unobligated balance brought forward	-92,183	-1,332,148	-420,000,000	-421,332,148
Total authorization or estimate	173,000,000	a/659,500,000	-424,000,000	235,500,000

a/ Includes $450,000,000 authorized by Public Law 1020, approved August 7, 1956.

INCREASES

(1) Increase of $26,000,000 for farm ownership loans:

An increase of $26,000,000 for farm ownership loans is needed to assist in meeting the increased demand for farm ownership loans. It is anticipated that a supplemental authorization of $26,000,000 will be approved in the fiscal year 1957 for the same purpose. Therefore, the increase for 1958 would continue the program at the contemplated 1957 level of $50,000,000.

Public Law 878, approved August 1, 1956, amended Title I of the Bankhead-Jones Farm Tenant Act to broaden the authorities for loans. For the first time, loans are authorized to eligible applicants for the refinancing of existing indebtedness where the applicant is presently unable to meet the terms and conditions of his outstanding indebtedness and is unable to refinance his indebtedness through other responsible credit sources. Also, loans are authorized for the first time on less than family-type farms to owner-operators who are bona fide farmers, having historically resided on farms, and who are conducting substantial farming operations, but who require reasonably dependable off-farm income to enable them to meet living and operating expenses and pay the amounts becoming due on their loans.

These amendments were submitted to the Congress based on an urgent need for loans to refinance the existing indebtedness of some farm owners. Many of these farm owners can successfully work out their difficulties if given an opportunity to consolidate their indebtedness and extend the repayments over a longer period of time, thus reducing the annual payments to amounts more in keeping with their current ability to repay. Refinancing loans will be made in only those cases where alternative methods of assistance are not available and loans are essential to the continued operations of the applicants. Loans on less than family-type farms are in specific furtherance of the Rural Development Program. These loans will be very helpful in assisting this type of farm owner to improve his financial situation.

Public Law 878 increased the annual authority for insured loans made by private lenders from $100,000,000 to $125,000,000. At the time the amendments were proposed and enacted, it was intended that the broadened authorities would be implemented almost entirely by the insured loan authority. The Act was amended to permit the taking of second mortgages in connection with insured loans where heretofore only first mortgages were authorized. During fiscal years 1955 and 1956, the Farmers' Home Administration had adequate commitments from private lenders to make all of the insured farm ownership and insured soil and water conservation loans which were then being approved, and it appeared additional commitments could be secured in sufficient volume to fully implement the broadened authorities in 1957 and 1958. Recently, however, it has become increasingly difficult to interest private lenders in farm ownership and soil and water conservation insured loans. Under current conditions, these loans are not attractive to institutional lenders. While there continues to be some participation of local lenders in the soil and water conservation insured loan program, the longer term and larger farm ownership loans have not been as attractive to these lenders. National lenders who will accept loans throughout the entire United States do not have the same interest in loans to particular individuals as do local banks who often are extending credit to a regular customer. For this reason, participation by national lenders is based almost exclusively on interest return and ease of handling the investment. Therefore, it is now apparent that insured loan commitments will be insufficient to permit substantially implementing the broadened statutory authority during the fiscal years 1957 and 1958. It is anticipated that there will be submitted for the consideration of the Congress amendments to Title I of the Bankhead-Jones Farm Tenant Act increasing the authority for appropriations from $50,000,000 to $125,000,000 and providing changes in the statutory distribution formula so as to permit a portion of the available direct loan funds to be distributed among the States and Territories as the need and demand for both veteran and non-veteran loans develop. Non-veteran applicants can be assisted in only a limited way under the present statutory formula. If the proposed amendments are enacted into law and the shortage of insured loan funds

continues, a supplemental estimate in the fiscal year 1958 will be submitted in the amount of $25,000,000 which would make a total of $75,000,000 available for direct farm ownership loans. It is estimated that there will be need and demand for a total of $105,000,000 farm ownership loans in 1958. If insured loan funds were available, this would be provided by utilizing $81,000,000 of the insured loan authority and direct loans of $24,000,000. It appears that not more than $30,000,000, at the most, can be secured from private lenders for insured farm ownership loans, thus requiring $75,000,000 in direct loan funds to make up the total.

The increase of $26,000,000 in direct loan funds would provide about 2,260 additional loans in 1958. Following are the estimated number and amount of farm ownership loans in 1957 and 1958 including the proposed supplemental estimate for 1957 and 1958:

Total Farm Ownership Loans

	Direct		Insured		Total Direct & Insured	
	Number	Amount	Number	Amount	Number	Amount
1957 (Est.)						
Presently Available						
Initial	1,795	$22,300,000	2,555	$29,400,000	4,350	$51,700,000
Subsequent	425	1,700,000	100	600,000	525	2,300,000
Total	2,220	24,000,000	2,655	30,000,000	4,875	54,000,000
Anticipated Supplemental Loan Authorization	2,260	26,000,000	- -	- -	2,260	26,000,000
Total, 1957 (est.)	4,480	50,000,000	2,655	30,000,000	7,135	80,000,000
1958 (Est.)						
Proposed in Budget						
Initial	4,055	48,300,000	2,555	29,400,000	6,610	77,700,000
Subsequent	425	1,700,000	100	600,000	525	2,300,000
Total	4,480	50,000,000	2,655	30,000,000	7,135	80,000,000
Anticipated Supplemental Loan Authorization	2,060	25,000,00	- - -	- -	2,060	25,000,000
Total anticipated for 1958	6,540	75,000,000	2,655	30,000,000	9,195	105,000,000

(2) Increase of $20,000,000 in amount to be used for farm housing loans:

Public Law 1020 approved August 7, 1956, amended Title V of the Housing Act of 1949 to provide for a 5-year farm housing loan program authorizing $450,000,000 for building loans during the 5-year period. This amount may be borrowed from the Secretary of the Treasury during the period without further action by Congress in annual appropriation acts.

Total obligations for 1957 are estimated at $30,000,000, including $1,332,148 remaining unobligated from an authorization of $5,000,000 included in the Second Supplemental Appropriation Act, 1956. The estimates anticipate borrowing $50,000,000 for farm housing loans in 1958. It is estimated that 4,310 initial loans for $29,300,000 and 320 subsequent loans for $700,000 will be made in 1957. The estimate for 1958 is 7,160 initial loans for $48,700,000 and 590 subsequent loans for $1,300,000. During the 5-year period from 1950 through 1954, when farm housing loan funds were available, there was a large unfilled demand for these loans each year. The number of applications received each year was in excess of five times the number of loans that could be made with the funds available. On this basis, it appears that the need and demand for farm housing loans in 1957 and 1958 will be as large as the amounts estimated. The fact that a 5-year program has been authorized will permit the field offices of the Farmers' Home Administration to maintain continuity of operations to a much greater extent than before. Due to the lack of funds for farm ownership insured loans, farm housing loans will be made whenever the applicants' credit needs can be met from these funds. This applies to loans for dwellings and other farm buildings on family-type as well as less than family-type farms.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

* * * For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of
1 security obligations under the foregoing several authorities , except that such advances under title V of the Housing Act of 1949, as amended, shall be made from funds obtained under section 511 of that Act, as amended): Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, [$24,000,000] $50,000,000, * * * title II of the Bankhead-Jones Farm Tenant Act, as amended, [$165,000,000] $180,000,000; the Act of August 28, 1937, as amended,
2 $5,500,000 [: and an additional amount not to exceed $15,000,000 may be borrowed under the same terms and conditions to the extent that such additional amount is required during fiscal year 1957 under the then existing conditions for the expeditious and orderly conduct of the loan program under title II of the Bankhead-Jones Farm Tenant Act, as amended]: * * *

The first change proposes new language to permit the use of loan funds obtained under Section 511 of title V of the Housing Act of 1949, as amended by Public Law 1020 approved August 7, 1956, for advances in connection with the acquisition and preservation of security of obligations taken for farm housing loans. Under existing language, advances would have to be made from loan funds provided in the annual appropriation acts. It is often necessary to use loan funds to make advances to borrowers for the payment of current taxes and insurance, and to purchase prior liens when the Government's interest would be protected thereby. Under the new language such costs, which are recoverable, in connection with farm housing loans, would be payable from funds obtained under that Act.

The second change deletes the language, first included in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1957, providing a contingency borrowing authorization of $15,000,000 for loans under title II of the Bankhead-Jones Farm Tenant Act, as amended. The effect of the proposed change is to make the total amount of the loan authorization immediately available at the beginning of the year. Previous experience, as evidenced by unfilled applications, makes it apparent that the additional amount will be required to meet the need and demand for loans in the fiscal year 1958.

(b) Salaries and Expenses

Appropriation Act, 1957		$26,750,000
Second Supplemental Appropriation Act, 1957		1,000,000
Transferred from Farm Tenant-Mortgage Insurance Fund		550,000
Base for 1958		28,300,000
Budget Estimate, 1958:		
Direct Appropriation	$30,000,000	
Transferred from Farm Tenant-Mortgage Insurance Fund	830,000	
Total Budget Estimate		30,830,000
Increase		+2,530,000

SUMMARY OF INCREASES, 1958

For making and servicing farm housing loans	+910,500
Increase in transfer from the Farm Tenant-Mortgage Insurance Administrative Fund	+280,000
For contributions to the retirement fund pursuant to Public Law 854	+1,339,500

PROJECT STATEMENT

	1956	1957 (estimated)	Increase or Decrease: Retirement Costs (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
Administration of direct and insured loan program	$26,650,123	$28,300,000	$1,339,500	$1,190,500(1)	$30,830,000
Unobligated balance	109,421	- -	- -	- -	- -
Total retirement costs (P.L. 854)	- -	- -	[+1,369,500]	[+58,500]	[1,428,000]
Total available or estimate	26,759,544	28,300,000	+1,339,500(2)	+1,190,500	30,830,000
Transfer from "Farm Tenant-Mortgage Insurance Fund"	-420,000	-550,000	- -	-280,000	-830,000
Subtotal	26,339,544	27,750,000	+1,339,500	910,500	30,000,000
Transfer in the 1957 estimates to "Salaries and expenses, Office of the Secretary of Agriculture".	+10,456	- -			
Total appropriation or estimate	26,350,000	27,750,000			

(1) The increase of $1,190,500 for Salaries and Expenses is composed of:

(a) $910,500 for making and servicing farm housing loans,

(b) $280,000 from receipts from the Farm Tenant-Mortgage Insurance Administrative Fund available for making and servicing farm ownership and soil and water conservation insured loans.

The Farmers' Home Administration expects to borrow $28,667,000 from the Secretary of the Treasury for farm housing loans in fiscal year 1957. An additional $1,332,148 which is a balance from prior years will also be obligated, making a total of $30,000,000 for 1957. It is proposed to borrow $50,000,000 in 1958.

It is expected that about 4,310 initial loans and 320 subsequent loans will be made with the $30,000,000 available in 1957. 7,160 initial loans and 590 subsequent loans will be made with the $50,000,000 available in 1958. This is a very large volume of real estate type loans which will require some added assistance at all levels of operations. No additional salaries and expenses funds were provided for 1957 in connection with farm housing loans in that year. The entire workload is being absorbed. This will create difficulties in providing adequate servicing of these and other types of loans outstanding. Excluding retirement costs, the estimate contemplates utilization of the funds at each level of operations as follows.

In the National Office and in the Finance Office, St. Louis, Missouri, a total of 15 additional average annual positions are anticipated, totaling about $73,000 for salary and travel expense. Six of these will be in the National Office and will assist the field offices on technical loan matters, including the engineering and agricultural features of the program. The 9 positions in the Finance Office will all be clerical employees needed to process the additional loans.

All farm housing loans are finally approved in the State Offices. It will be necessary to augment the State Office staffs with about 19 positions to examine and approve loans and to give technical guidance to county offices. Included in the 19 State Office employees are 9 clerical employees. The total salaries and travel estimate for State Offices is $96,700.

The balance of $631,900 for making and servicing farm housing loans and the entire $280,000 increase in funds from the Farm Tenant-Mortgage Insurance Administrative Fund will be utilized in county offices or for county committee expense. The estimate includes about 158 county supervisors and about 52 clerical employees in county offices, of which about 115 and 37 respectively are related to the estimate for farm housing loans. Based on county office weighted workload factors, the making of 7,160 initial farm housing loans represents 35,800 work units. One work unit is equivalent to the time required by a county supervisor to service, for all purposes during a year, a farm and home plan operating loan. The average number of work units per county supervisory employee in this estimate for farm housing loans is about 311. Considering that the average per county supervisor is now about 210, the estimate represents an absorption of about 32 percent.

A large portion of the normal county committee expense for farm housing loans will be absorbed since many of the loan applications will be reviewed at a county committee meeting which would otherwise be held to consider other loan applications. The increase in costs included in the estimate is $50,400 representing 28 man-years of employment compensated at the rate of $5.00 per day, plus $2.00 in lieu of travel and subsistence.

(2) An increase of $1,339,500 is required to meet retirement costs under Public Law 854 applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGE IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

For making, servicing, and collecting loans and insured mortgages, * * * and other administrative expenses, [$26,750,000] $30,000,000,
1 together with a transfer of not to exceed [$550,000] $950,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 28, 1937, as amended.

2 [For an additional amount for "Salaries and expenses", $1,000,000: Provided, That this appropriation shall be available only upon enactment into law of H. R. 11544, Eighty-fourth Congress, or similar legislation amending the Bankhead-Jones Farm Tenant Act, as amended.]

The first change in language is proposed to increase the amount authorized to be transferred to this appropriation from the Farm Tenant-Mortgage Insurance Administrative Fund from $550,000 to $950,000. Receipts to this fund in 1957, available for administrative expenses in 1958, are estimated at about $830,000 but the amount of $950,000 has been included in the language to provide for possible increased activity beyond present estimates with resulting increased receipts to the fund. In such event, administrative expense requirements to service the added loans would necessarily increase.

The second change deletes the language of the Second Supplemental Appropriation Act, 1957 appropriating $1,000,000 for Salaries and Expenses. This language is not needed in the 1958 Appropriation Act.

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans

A total of $19,000,000 was authorized in 1956 for farm ownership loans. Of the total amount authorized, $1,738,570 was allocated exclusively for loans on reclamation projects and to entrymen on unpatented public lands. The remaining portion, $17,261,430, was made available among the states and territories in accordance with the statutory formula for the distribution of funds based on farm population and prevalence of tenancy.

The Appropriation Act for 1957 provides for borrowing $24,000,000 from the Secretary of the Treasury for direct farm ownership loans. Of this amount, not more than $5,000,000 is authorized to be distributed to states and territories without regard to farm population and prevalence of tenancy for loans on reclamation projects and to entrymen on unpatented public land. The preliminary allocation for the two purposes is $20,500,000 under the formula and $3,500,000 outside the formula.

Public Law 878 approved August 1, 1956, amended Title I of the Bankhead-Jones Farm Tenant Act in several major respects. Loans under the new authorities were first made beginning in early September 1956. Public Law 878 provides new authority under Title I as follows:

> Section 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed $50,000,000.
>
> Section 1 (c) (2). Loans may be made or mortgages insured to owner-operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

Section 1 (c) (3). Loans in amounts not exceeding $15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this Act.

Provision is made in Section 3 (a) for the taking of second mortgages in connection with insured loans, heretofore authorized only in connection with direct loans.

Other minor changes were made in Title I to conform to and make possible the implementation of the major changes. For example, in making loans on less than family-type farms to owner-operators with off-farm income, the amount of the loan is based on a certification of the "normal market value of the farm" rather than the "fair and reasonable value of the farm based upon the normal earning capacity".

A total of 28,884 applications for farm ownership loans was received in 1956. At the end of the year, 13,471 applications were on hand. About 60 percent of the applicants appeared to qualify only for direct loans because of the 90 percent limitation on insured loans. During the 1957 fiscal year, there was some relaxation in the almost total veteran's preference policy heretofore applied on direct loans. Veterans will still receive preference, but state offices are not holding up loan making entirely at times during the year anticipating veteran applications and the development of veteran loan dockets.

1. Loans:

A. Direct Loans

Since inception of the program in 1938 to June 30, 1956, approximately 64,878 loans for more than $456,351,062 have been made. This number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the Administration. In the 1956 fiscal year, initial loans were made to 1,300 families in the amount of $17,039,160, including 100 loans in the amount of $1,650,445 made to settlers on reclamation projects. Subsequent loans to existing borrowers and loan cost items accounted for the balance of $1,960,839.

Direct initial loan activity under the distribution formula and for reclamation projects is shown on the following tables:

Initial Loans Under Distribution Formula

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans (Number)	Total All Initial Loans Number	Total All Initial Loans Amount
1947	3,012	$23,549,776	55	5,489	$41,682,243
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,867	13,739,182
1950	1,685	13,374,443	99	1,705	13,534,927
1951	1,734	15,661,003	97	1,793	16,160,877
1952	1,344	13,853,283	98	1,369	14,045,461
1953	1,251	13,668,515	98	1,275	13,865,989
1954	1,274	13,886,375	98	1,305	14,154,715
1955	1,281	14,458,706	98	1,301	14,624,996
1956	1,134	14,637,775	94	1,200	15,388,715
Initial Loans on Reclamation Projects					
1951	150	1,692,142	67	223	2,556,722
1952	104	1,367,884	64	163	2,117,654
1953	102	1,562,084	71	144	2,167,504
1954	150	2,344,645	76	197	3,060,375
1955	116	1,882,821	76	152	2,421,871
1956	86	1,442,430	86	100	1,650,445

B. Insured Loans:

During the 1956 fiscal year, insured loan activity totaled $39,765,277, including $848,154 used to refinance existing insured indebtedness when a subsequent loan was being made. During 1956, the Administration was successful in securing the participation of private lenders in making all the insured loans that were approved for closing during the year. In 1957, however, it is not expected that private lenders can be secured to make more than $30,000,000 in insured farm ownership loans. This estimate is based on the very tight money situation as well as the increased rates generally. The interest rate of 3½ percent net to the lender is not attractive at this time.

Insured initial loan activity since 1948 through 1956 is shown in the following table:

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans (Number)	Total All Initial Loans Number	Total All Initial Loans Amount
1948	58	$ 357,550	17	338	$ 2,412,837
1949	316	2,020,910	28	1,149	7,937,241
1950	695	4,917,886	32	2,191	16,579,690
1951	641	4,871,340	30	2,150	17,555,650
1952	238	2,031,770	22	1,097	10,380,285
1953	280	2,837,292	27	1,041	10,505,566
1954	216	2,469,462	24	885	9,648,978
1955	894	10,041,529	31	2,872	31,414,537
1956	880	10,679,345	28	3,198	37,604,571

See Tables I, II, III and IV for loan distribution by states.

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

Fiscal Year	Direct Loans	Insured Loans	Total Loans
1948	$14,053,888	$ 2,412,837	$16,466,725
1949	14,755,530	7,937,241	22,692,771
1950	14,790,348	16,586,860	31,377,208
1951	21,721,296	17,596,050	39,317,346
1952	18,830,327	10,493,008	29,323,335
1953	18,871,453	10,681,721	29,553,174
1954	19,296,484	9,751,541	29,048,025
1955	18,878,715	31,673,069	50,551,784
1956	18,999,999	38,917,123	57,917,122

2. Use of Loan Funds: During 1956 loans for the development and enlargement of farms continued to exceed the loans for initial purchase of farms. This distribution is expected to continue in fiscal year 1957. Loans on family-type farms will predominate, and it is not expected that there will be a large volume of loans on less than family-type farms. Beginning in 1957, the major classification of loans will be loans on family-type farms and loans on less than family-type farms, though information will still be available to show the number and amount of loans being made for the initial purchase of farms, for the enlargement and for the development of farms.

3. Loan Repayments:

A. Direct Loans

From the inception of the farm ownership program in 1938 through March 31, 1956, a total of 71,159 families had been advanced $478,530,229 (these figures include the number and value of non-cash loans) for the purchase, enlargement and development of farms. Principal payments of $279,803,256 and interest payments of

$83,184,177 had been made. In addition, principal write-offs totaled $1,619,878 and judgments were $403,867. Interest write-offs were $121,098 and judgments were $39,611. As of March 31, 1956, cumulative scheduled installments of $77,544,438 were due from 30,932 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were $83,598,475 which was 8 percent, or $6,054,037 more than required on a schedule amortization basis. An additional $9,483,436 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 17,030 borrowers were $10,691,149 ahead of schedule, an average of $628 each; 7,264 were on schedule; and 6,638 were behind schedule $4,637,112, an average of $699.

A total of 40,227 of the 71,159 families who had received loans had paid their loans in full as of March 31, 1956. Of this number 25,031, or about 62 percent, continued to operate the farms acquired or improved through this program. The remaining 15,196 fully satisfied their accounts but no longer operated the farms. See Table V for distribution by states.

B. Insured Loans

As of March 31, 1956, $124,779,295 had been advanced under the insured mortgage program to 13,212 farm families for the purchase, enlargement and development of farms. Payments by insured mortgage borrowers totaled $31,444,038 as of the same date. Of this amount, $18,508,345 represented principal payments, $9,374,683 payments on interest, and $3,561,010 payments to the mortgage insurance fund. As of March 31, 1956, 1,470 borrowers had paid their loans in full. Of those with unpaid balances, 5,256 were ahead of schedule, 4,933 were on schedule, and 1,553 were behind schedule. See Table VI for distribution by states.

4. Progress of Borrowers: Records from 2,732 borrowers with accounts outstanding in 1956 who received loans in 1950 showed gross cash income increasing since the year before acceptance from $3,941 to $6,692. Net worth of these borrowers increased from $6,251 to $9,703, and value of livestock and equipment increased from $4,073 to $6,510.

Farm Housing Loans

During the fiscal year 1956, a supplemental appropriation of $5,000,000 was made for loans under Title V of the Housing Act of 1949. Due to the late receipt of the funds, only $3,720,904 of the $5,000,000 authorization was obligated during the year. In addition, $39,131 of the funds previously borrowed was obligated principally for loan costs, such as recording fees and the occasional need to take up a first mortgage held by another lender. The loan funds are available until expended, however, and the balance was obligated in the early months of 1957.

1. Legislative Changes: Title V of the Housing Act of 1949 was amended by the 84th Congress, 2nd Session, to extend the authority for farm housing loans and grants for a 5-year period through fiscal year 1961. The amended Act provided a total borrowing authority of $450,000,000 during the 5-year period for loans under Sections 502, 503 and 504 (a) of the Act. The amended Act continues to provide authorization for the appropriation of funds for development loans under Section 504 (b) and grants under Section 504 (a). A total of $10,000,000 is authorized to be appropriated for each of the five years. Authority for development loans is almost identical with the authority contained in Title I of the Bankhead-Jones Farm Tenant Act, and for this reason, it is not expected that development loan funds will be sought under Title V of the Housing Act of 1949. No substantial demand for grants developed during previous years when funds for grants were available.

   The amendments to the Act did not change any of the actual loaning authorities. It is estimated that a total of $30,000,000 will be will be loaned during 1957:

2. Applications and Loans: During the approximate 2-month period, during which the 1956 funds were available, a total of 2,085 applications were received, of which 1,385 were received in the Southern States. Loans were made in 1956 under authorities of Section 502 as follows:

Farm Housing Loans

	Number	Amount	Average Loans
Initial.....	523	$3,568,109	$6,822
Subsequent.....	38	152,795	4,020
Total.....	561	$3,720,904	

The following is an estimate of the number and amount of loans in 1957 from the balance of $1,332,148 unobligated from prior year funds and the amount of $28,667,000 to be borrowed in 1957:

	Number	Amount	Average Loans
Initial.....	4,310	$29,300,000	$6,800
Subsequent.....	320	700,000	2,200
Total.....	4,630	$30,000,000	

3. Use of Loan Funds: A total of 386 new dwellings at an estimated cost of $2,900,538 were planned by the 523 borrowers receiving initial loans in 1956. Ninety-two dwellings were to be repaired and 166 other farm buildings were planned to be constructed or repaired. Percentage-wise, about 80 percent of the funds were planned to be used for new farm dwellings. The average planned construction cost of new dwellings was $7,514, including loan funds and cash contributions by borrowers, but not including any labor contribution by the borrower. This is a relatively low average dwelling cost and results from borrowers making extensive use of salvage and locally-produced materials and utilizing a substantial amount of family labor to do the construction work.

See Tables VII and VIII for distribution by States.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Ownership Loans: Total Loan Applications and Number of Direct Loans Made and Insured Commitments
1955 and 1956 Fiscal Years and Cumulative From Inception of Program

State and territory	1955 fiscal year					1956 fiscal year						Direct loans made 1938 through 1956 fiscal years		Insured commitments 1948 through 1956 fiscal years	
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications				Number of direct loans made	Number of insured commitments	Number	Average amount 1/	Number	Average amount 1/
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration	On hand end of period						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total	16,825	35,440	52,265	1,453	2,872	18,218	28,884	47,102	13,471	1,300	3,198	64,878	$7,009	14,921	$9,788
Alabama	986	2,093	3,079	80	133	958	1,435	2,393	633	73	142	4,208	5,353	499	7,419
Arizona	54	134	188	3	15	47	74	121	19	0	6	113	12,846	31	16,715
Arkansas	541	1,274	1,815	39	64	482	985	1,467	207	27	75	3,354	5,175	337	6,196
California	130	322	452	19	22	78	233	311	40	15	33	471	10,478	84	13,813
Colorado	183	253	436	6	14	164	274	438	143	3	18	421	10,878	192	12,057
Connecticut	14	23	37	0	2	4	12	16	3	0	1	41	10,015	11	10,488
Delaware	4	28	32	3	3	9	19	28	14	1	3	86	7,199	12	10,274
Florida	263	462	725	7	47	220	445	665	184	10	85	595	6,466	196	9,182
Georgia	1,418	2,775	4,193	52	164	1,399	1,826	3,225	888	66	115	5,148	5,029	804	8,171
Idaho	215	546	761	80	52	296	366	662	190	67	59	827	11,267	197	11,642
Illinois	123	557	680	35	47	251	409	660	191	40	53	1,068	9,630	182	11,236
Indiana	590	802	1,392	17	36	756	502	1,258	503	17	34	947	9,467	271	12,823
Iowa	515	975	1,490	37	110	623	581	1,204	428	29	59	1,392	10,263	478	13,124
Kansas	489	768	1,257	26	59	549	718	1,267	406	22	70	1,249	9,682	510	11,855
Kentucky	356	797	1,153	34	39	437	735	1,172	365	42	52	1,257	8,119	213	11,053
Louisiana	458	833	1,291	41	63	514	556	1,070	305	40	70	1,858	6,481	300	8,311
Maine	91	294	385	11	68	104	360	464	104	5	108	207	7,469	313	8,162
Maryland	62	145	207	8	13	59	109	168	55	6	11	347	8,101	79	9,374
Massachusetts	13	58	71	0	0	12	43	55	16	4	2	93	8,882	15	10,269
Michigan	250	499	749	8	91	215	552	767	198	14	108	935	6,985	514	10,887
Minnesota	364	1,060	1,424	48	45	434	910	1,344	366	43	45	2,466	6,185	462	8,239
Mississippi	1,161	2,552	3,713	160	207	1,247	1,900	3,147	868	129	242	4,593	6,158	788	6,283
Missouri	966	1,978	2,944	77	206	1,098	1,872	2,970	818	77	148	2,928	7,023	1,075	8,800
Montana	112	235	347	5	16	147	202	349	98	10	33	427	8,560	115	12,958
Nebraska	502	670	1,172	24	22	410	464	874	415	23	22	975	10,944	210	12,206
Nevada	18	23	41	1	4	7	34	41	3	2	0	49	11,885	7	13,321
New Hampshire	20	66	86	4	2	39	41	80	24	3	6	53	7,552	17	9,939
New Jersey	26	123	149	5	18	11	127	138	19	6	26	262	9,898	118	11,013
New Mexico	96	194	290	9	52	85	133	218	48	4	28	271	11,743	136	13,710
New York	71	456	527	17	84	145	379	524	99	11	56	706	6,843	253	8,387
North Carolina	1,054	2,130	3,184	100	164	1,233	1,942	3,175	1,050	89	219	3,771	5,758	780	8,342
North Dakota	649	1,014	1,663	23	137	690	1,159	1,849	732	22	172	766	9,062	648	13,410
Ohio	393	781	1,174	22	28	365	513	878	193	26	21	1,155	8,486	214	10,041
Oklahoma	580	1,111	1,691	21	60	525	919	1,444	501	29	91	3,200	6,551	412	10,575
Oregon	44	169	213	12	28	39	177	216	27	13	33	515	8,582	128	12,110
Pennsylvania	185	829	1,014	13	72	309	630	939	176	29	80	990	6,762	442	8,316
Rhode Island	1	6	7	0	0	1	10	11	1	0	0	5	8,514	0	0
South Carolina	385	844	1,229	63	87	401	551	952	214	31	63	2,627	5,144	351	7,422
South Dakota	388	586	974	27	52	463	506	969	344	21	68	756	9,596	337	13,546
Tennessee	672	1,349	2,021	53	84	875	1,313	2,188	512	60	186	2,280	6,355	470	8,410
Texas	574	1,483	2,057	63	86	670	1,280	1,950	594	57	140	5,082	8,347	663	10,530
Utah	129	290	419	17	18	196	242	438	105	16	44	385	10,878	93	12,773
Vermont	35	141	176	1	1	49	156	205	32	8	9	187	7,318	36	8,338
Virginia	283	713	996	19	58	242	568	810	204	18	42	1,168	6,612	247	10,452
Washington	280	615	895	71	69	208	492	700	160	29	63	660	11,835	244	12,708
West Virginia	225	463	688	16	34	139	427	566	121	9	39	688	6,032	151	8,550
Wisconsin	411	1,224	1,635	42	168	455	1,076	1,531	294	38	149	1,875	5,766	1,141	9,337
Wyoming	61	72	133	14	7	26	107	133	37	4	19	323	9,944	43	13,337
Alaska	0	11	11	1	0	7	22	29	2	2	2	12	16,271	2	17,068
Hawaii	65	149	214	5	21	101	148	249	96	9	37	268	6,857	89	10,883
Puerto Rico	239	433	672	12	0	383	331	714	387	1	11	803	5,578	11	8,217
Virgin Islands	81	32	113	2	0	41	19	60	39	0	0	15	10,451	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, Farm Development, and Building Improvement loans from Federal funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Ownership Loans: Loan Applications From Veterans Only, Number of Direct Initial Loans Made and Insured Commitments and Average Amount, 1955 and 1956 Fiscal Years and Cumulative From 1945

State and territory	1955 fiscal year							1956 fiscal year								Direct loans made 1945 through 1956 fiscal years		Insured commitments 1948 through 1956 fiscal years	
	Number of loan applications			Direct loans made		Insured commitments		Number of loan applications				Direct loans made		Insured commitments					
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount 1/	Number	Average amount 1/
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
U. S. Total	9,705	18,422	28,127	1,397	$11,698	894	$11,232	9,616	14,431	24,047	6,713	1,220	$13,180	880	$12,136	18,309	$9,683	4,218	$9,663
Alabama	598	1,119	1,717	80	8,570	39	8,016	501	712	1,213	305	67	9,601	47	7,958	904	7,960	148	7,418
Arizona	39	66	105	3	19,067	7	22,568	27	41	68	9	0	0	3	21,567	71	14,717	14	19,548
Arkansas	355	669	1,024	39	6,611	18	5,846	256	495	751	121	22	8,923	12	6,888	911	6,281	70	5,613
California	73	150	223	16	13,141	4	15,950	45	103	148	20	11	15,717	15	14,475	145	12,369	29	14,527
Colorado	120	154	274	6	14,350	5	12,522	107	149	256	77	3	12,450	4	17,962	143	13,132	47	11,715
Connecticut	5	13	18	0	0	0	0	1	4	5	0	0	0	0	0	19	10,570	1	9,625
Delaware	3	12	15	3	15,967	0	0	2	6	8	5	0	0	0	0	25	9,373	1	5,100
Florida	182	272	454	7	11,928	27	8,660	139	258	397	89	10	10,950	36	9,238	263	8,682	100	8,766
Georgia	714	1,264	1,978	52	11,810	42	10,366	650	780	1,430	381	57	12,644	18	9,659	924	8,133	262	7,293
Idaho	141	315	456	70	15,772	22	12,119	153	215	368	100	67	16,587	13	13,426	526	13,011	42	12,373
Illinois	92	317	409	35	13,497	11	12,467	160	209	369	99	38	13,427	18	13,243	237	11,102	38	11,469
Indiana	355	448	803	17	16,827	7	19,836	421	277	698	258	15	16,097	6	20,333	248	11,606	41	12,975
Iowa	319	483	802	36	16,978	37	17,161	325	286	611	217	29	18,087	14	19,182	396	13,636	89	14,667
Kansas	274	409	683	26	13,647	14	13,423	283	376	659	211	22	17,284	21	20,827	450	11,474	94	12,971
Kentucky	219	494	713	34	13,225	5	8,930	256	430	686	198	41	14,894	10	11,273	275	11,486	40	10,239
Louisiana	266	427	693	41	8,925	14	8,521	256	281	537	142	34	10,276	13	9,935	375	8,678	85	8,156
Maine	60	143	203	11	7,310	28	8,001	53	175	228	51	5	10,385	42	9,902	155	7,914	149	8,271
Maryland	38	65	103	8	10,744	1	5,400	28	45	73	16	4	13,350	2	18,000	132	9,463	10	8,575
Massachusetts	8	30	38	0	0	0	0	8	23	31	8	4	8,488	0	0	59	9,679	5	11,056
Michigan	136	236	372	8	12,148	34	12,478	95	256	351	89	14	15,100	39	15,006	246	10,801	199	10,897
Minnesota	248	564	812	48	9,882	15	13,342	228	461	689	181	43	10,694	13	10,531	787	8,343	105	8,655
Mississippi	621	1,266	1,887	149	7,794	51	6,016	614	869	1,483	391	110	9,197	58	6,480	1,259	7,656	266	5,826
Missouri	565	1,138	1,703	77	11,022	89	9,986	636	1,074	1,710	453	77	14,971	49	14,509	1,139	8,939	295	9,275
Montana	58	126	184	4	14,120	4	19,652	83	102	185	51	10	15,510	9	17,068	155	12,432	30	14,457
Nebraska	305	409	714	24	15,781	8	14,309	259	267	526	250	23	15,830	6	13,767	307	13,186	42	12,165
Nevada	10	15	25	1	17,700	2	13,200	5	13	18	2	2	14,100	0	0	35	11,940	2	13,200
New Hampshire	9	38	47	4	10,950	0	0	20	17	37	9	2	11,000	0	0	28	9,703	1	8,745
New Jersey	20	48	68	5	12,958	6	12,996	3	44	47	9	6	15,883	7	12,413	190	10,449	41	10,900
New Mexico	55	107	162	8	15,878	20	13,824	45	66	111	29	3	17,945	13	13,886	161	13,156	52	13,599
New York	42	203	245	17	10,219	27	9,139	67	159	226	44	11	9,866	11	7,737	308	7,942	75	8,085
North Carolina	643	1,099	1,742	98	10,968	52	8,894	678	995	1,673	533	85	13,030	57	9,182	958	8,687	215	7,434
North Dakota	288	403	691	23	16,103	47	15,125	281	470	751	248	22	16,591	50	15,951	279	12,479	190	14,228
Ohio	212	416	628	22	12,367	5	11,600	205	279	484	107	26	12,793	4	13,910	315	10,169	50	8,999
Oklahoma	319	551	870	21	12,559	7	13,081	246	439	685	239	28	13,970	22	12,002	831	8,869	93	9,765
Oregon	22	65	87	8	14,634	5	10,350	18	79	97	17	9	16,009	8	15,898	146	13,391	21	12,679
Pennsylvania	100	403	503	13	11,049	24	9,759	146	302	448	73	29	12,546	15	9,993	388	7,924	140	7,767
Rhode Island	1	4	5	0	0	0	0	1	8	9	1	0	0	0	0	1	10,900	0	0
South Carolina	208	440	648	63	9,018	14	7,502	216	255	471	101	27	11,471	11	7,727	444	8,012	81	6,594
South Dakota	257	341	598	27	15,546	29	15,312	263	293	556	191	21	16,338	34	18,988	247	13,373	119	14,624
Tennessee	336	687	1,023	53	10,595	10	6,731	445	607	1,052	244	59	11,235	42	8,589	535	8,746	88	7,861
Texas	372	829	1,201	63	13,518	29	14,422	370	693	1,063	347	57	14,215	42	13,107	1,273	10,868	234	10,507
Utah	99	169	268	13	14,290	7	11,529	120	120	240	52	16	15,353	11	14,170	298	11,784	29	12,175
Vermont	16	74	90	1	10,000	0	0	25	76	101	13	8	11,001	0	0	113	8,305	1	6,460
Virginia	163	367	530	19	13,333	22	13,236	131	315	446	121	18	15,770	16	11,542	232	10,652	93	10,558
Washington	157	368	525	57	16,499	26	13,500	118	289	407	93	23	16,849	20	13,390	336	14,644	72	12,880
West Virginia	114	263	377	16	10,758	10	9,208	72	224	296	55	9	12,736	9	9,205	210	8,545	38	7,640
Wisconsin	191	510	701	42	11,846	62	11,581	189	458	647	121	38	13,317	44	12,770	469	9,369	346	9,268
Wyoming	51	50	101	14	13,910	5	12,337	18	67	85	26	3	16,083	11	15,149	191	12,341	18	14,263
Alaska	0	8	8	1	15,000	0	0	5	12	17	1	2	19,300	0	0	12	16,271	0	0
Hawaii	15	55	70	4	13,894	3	10,807	37	38	75	31	9	12,871	2	12,338	49	10,466	14	10,028
Puerto Rico	200	307	507	9	7,158	0	0	291	210	501	266	1	11,830	3	8,783	105	8,187	3	8,783
Virgin Islands	11	13	24	1	13,000	0	0	15	9	24	18	0	0	0	0	4	9,074	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, Farm Development, and Building Improvement loans from Federal funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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Table III - Farm Ownership Direct Loan Program: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1956 Fiscal Year

State and territory	Loans to new borrowers										Number of loans to indebted borrowers	Amount of loans to indebted borrowers and loan costs	Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds							
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing			
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total													
Percent distribution...	-	-	-	100.0%	-	58.2%	5.7%	7.6%	13.9%	14.6%	-	-	-
Amount...	1,300	$17,039,160	$589,836	$17,628,996	$13,107	$10,261,736	$1,002,513	$1,338,550	$2,451,748	$2,574,449	418	$1,960,839	$18,999,999
Alabama...	73	709,240	47,783	757,023	9,716	469,994	15,335	23,730	152,980	94,984	20	49,580	758,820
Arizona...	0	0	0	0	0	0	0	0	0	0	0	264	264
Arkansas...	27	237,805	10,150	247,955	8,808	97,995	7,715	11,930	53,405	76,910	39	148,229	386,034
California...	15	233,905	1,835	235,740	15,594	52,755	10,350	47,690	43,500	81,445	0	3,166	237,071
Colorado...	3	37,350	0	37,350	12,450	24,970	0	1,570	310	10,500	5	33,484	70,834
Connecticut...	0	0	0	0	0	0	0	0	0	0	0	753	753
Delaware...	1	12,100	0	12,100	12,100	7,600	900	0	0	3,600	0	0	12,100
Florida...	10	109,500	2,030	111,530	10,950	53,680	9,205	4,770	18,245	25,630	8	32,974	142,474
Georgia...	66	846,150	43,560	889,710	12,820	561,880	57,405	43,220	115,155	112,050	19	113,876	960,026
Idaho...	67	1,111,310	12,375	1,123,685	16,587	139,581	131,705	198,437	558,006	95,956	7	34,323	1,145,633
Illinois...	40	541,215	51,970	593,185	13,530	336,582	65,501	36,919	43,713	110,470	2	13,867	555,082
Indiana...	17	274,107	4,419	278,526	16,124	151,029	19,596	16,861	10,420	80,620	4	34,792	308,899
Iowa...	29	524,525	16,405	540,930	18,087	452,855	14,471	18,469	6,645	48,490	10	63,240	587,765
Kansas...	22	380,245	16,537	396,782	17,284	311,164	14,798	23,650	9,140	38,030	7	31,960	412,205
Kentucky...	42	628,596	25,201	653,797	14,967	405,187	34,872	44,803	37,283	131,652	0	557	629,153
Louisiana...	40	410,010	26,335	436,345	10,250	194,625	31,595	12,565	133,210	64,350	31	145,564	555,574
Maine...	5	51,927	165	52,092	10,385	26,495	0	19,112	2,435	4,050	6	43,932	95,859
Maryland...	6	88,600	2,205	90,805	14,767	68,125	1,600	3,930	6,500	10,650	1	2,384	90,984
Massachusetts...	4	33,950	0	33,950	8,488	20,050	1,450	3,500	0	8,950	2	13,100	47,050
Michigan...	14	211,400	4,475	215,875	15,100	120,141	3,200	15,505	19,755	57,274	1	10,068	221,468
Minnesota...	43	459,845	20,106	479,951	10,694	354,373	4,150	50,440	13,152	57,836	12	43,050	502,895
Mississippi...	129	1,179,485	19,360	1,198,845	9,143	673,410	71,640	50,175	244,119	159,501	62	190,493	1,369,978
Missouri...	77	1,152,774	44,670	1,197,444	14,971	799,069	83,760	81,220	79,365	154,030	17	88,868	1,241,642
Montana...	10	155,100	5,538	160,638	15,510	115,840	0	4,933	22,865	17,000	3	16,973	172,073
Nebraska...	23	364,085	12,960	377,045	15,830	314,187	7,300	13,960	35,223	6,375	5	31,733	395,818
Nevada...	2	28,200	11,000	39,200	14,100	39,200	0	0	0	0	0	2,488	30,688
New Hampshire...	3	36,400	0	36,400	12,133	8,285	1,250	21,315	500	5,050	0	502	36,902
New Jersey...	6	95,300	5,993	101,293	15,883	48,075	0	9,650	10,000	33,568	2	9,350	104,650
New Mexico...	4	68,335	0	68,335	17,084	30,470	1,500	1,020	9,572	25,773	2	9,780	78,115
New York...	11	108,525	1,525	110,050	9,866	83,870	2,215	5,160	6,805	12,000	4	30,134	138,659
North Carolina...	89	1,169,520	18,770	1,188,290	13,141	790,255	78,709	73,143	138,959	107,224	18	82,966	1,252,486
North Dakota...	22	365,000	7,735	372,735	16,591	300,839	3,590	30,682	23,524	14,100	1	10,777	375,777
Ohio...	26	332,620	25,501	358,121	12,793	265,902	16,429	39,062	1,815	34,913	3	8,879	341,499
Oklahoma...	29	399,458	18,775	418,233	13,774	259,951	13,919	28,882	74,521	40,960	9	57,637	457,095
Oregon...	13	188,905	8,750	197,655	14,531	32,260	14,940	20,645	16,265	113,545	12	68,637	257,542
Pennsylvania...	29	363,839	9,799	373,638	12,546	221,627	20,746	52,951	10,404	67,910	3	11,685	375,524
Rhode Island...	0	0	0	0	0	0	0	0	0	0	0	95	95
South Carolina...	31	349,875	9,935	359,810	11,286	171,367	9,525	12,240	77,843	88,835	1	5,125	355,000
South Dakota...	21	343,090	3,153	346,243	16,338	206,165	9,845	35,378	51,630	43,225	6	39,179	382,269
Tennessee...	60	665,630	28,315	693,945	11,094	473,740	34,185	45,820	57,225	82,975	12	54,010	719,640
Texas...	57	810,259	21,580	831,839	14,215	604,339	26,051	48,524	82,694	70,231	26	126,251	936,510
Utah...	16	245,650	2,396	248,046	15,353	142,620	5,990	11,880	28,400	59,156	11	60,002	305,652
Vermont...	8	88,005	0	88,005	11,001	23,943	8,133	14,847	6,260	34,822	4	12,459	100,464
Virginia...	18	283,855	12,372	296,227	15,770	178,135	27,025	23,135	21,150	46,782	8	35,656	319,511
Washington...	29	490,800	17,814	508,614	16,924	93,550	96,198	36,916	134,660	147,290	4	16,688	507,488
West Virginia...	9	114,620	550	115,170	12,736	54,695	9,570	23,695	4,310	22,900	7	48,744	163,364
Wisconsin...	38	506,035	4,800	510,835	13,317	393,140	14,045	47,220	17,260	39,170	11	44,065	550,100
Wyoming...	4	65,750	1,450	67,200	16,438	26,800	4,520	2,145	24,445	9,290	5	26,672	92,422
Alaska...	2	38,600	0	38,600	19,300	0	12,300	8,750	8,300	9,250	2	34,190	72,790
Hawaii...	9	115,835	11,544	127,379	12,871	53,091	5,280	18,101	35,780	15,127	1	3,500	119,335
Puerto Rico...	1	11,830	0	11,830	11,830	7,830	0	0	4,000	0	5	14,138	25,968
Virgin Islands...	0	0	0	0	0	0	0	0	0	0	0	0	0

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Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers, Amount of Insured Commitments, Including Estimated Amount Furnished by the Borrower, 1956 Fiscal Year

State and territory	Loans to new borrowers										Loans to indebted borrowers		Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds					Number	Amount	
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing			
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total													
Percent distribution...	-	-	-	100.0%	-	48.2%	4.6%	9.2%	13.0%	25.0%	-	-	
Amount.....	3,198	$37,604,571	$2,531,132	$40,135,703	$11,759	$19,359,633	$1,834,916	$3,677,431	$5,218,104	$10,045,619	220	$1,312,552	$38,917,123
Alabama.....	142	1,132,235	90,057	1,222,292	7,973	614,992	34,205	54,530	273,375	245,190	5	18,435	1,150,670
Arizona.....	6	121,750	25,768	147,518	20,292	111,778	12,300	0	7,800	15,640	0	0	121,750
Arkansas.....	75	545,555	28,887	574,442	7,274	225,014	37,150	42,387	116,290	153,601	3	13,665	559,220
California.....	33	454,080	9,521	463,601	13,760	44,211	37,030	104,117	95,628	182,615	2	11,785	465,865
Colorado.....	18	299,555	14,930	314,485	16,642	222,645	12,800	12,650	20,265	46,125	0	0	299,555
Connecticut.....	1	10,980	0	10,980	10,980	0	730	1,950	300	8,000	1	3,200	14,180
Delaware.....	3	46,850	4,325	51,175	15,617	32,550	5,550	6,275	0	6,800	0	0	46,850
Florida.....	85	833,640	30,791	864,431	9,808	249,197	30,355	92,301	259,466	233,112	3	20,700	854,340
Georgia.....	115	1,179,405	67,304	1,246,709	10,256	481,031	92,610	78,317	239,081	355,670	20	120,345	1,299,750
Idaho.....	59	811,875	66,970	878,845	13,761	346,349	41,922	82,674	123,576	284,324	1	2,045	813,920
Illinois.....	53	769,390	61,057	830,447	14,517	383,293	79,834	65,720	47,819	253,781	2	9,610	779,000
Indiana.....	34	632,815	64,532	697,347	18,612	451,698	20,740	31,242	29,772	163,895	2	23,100	655,915
Iowa.....	59	1,090,025	127,930	1,217,955	18,475	930,594	46,341	53,506	17,456	170,058	2	18,550	1,108,575
Kansas.....	70	1,352,620	104,804	1,457,424	19,323	955,102	68,911	74,523	64,456	294,432	5	40,520	1,393,140
Kentucky.....	52	632,932	72,489	705,421	12,172	328,836	37,614	51,518	60,642	226,811	6	38,604	671,536
Louisiana.....	70	614,548	27,546	642,094	8,779	129,957	55,130	16,705	221,285	219,017	7	33,410	647,958
Maine.....	108	1,014,099	47,557	1,061,656	9,390	309,649	9,410	437,020	39,135	266,442	10	53,432	1,067,531
Maryland.....	11	153,251	11,815	165,066	13,932	79,165	4,170	32,046	4,995	44,690	1	2,888	156,139
Massachusetts.....	2	22,500	0	22,500	11,250	0	435	3,905	1,000	17,160	0	0	22,500
Michigan.....	108	1,527,620	95,986	1,623,606	14,145	732,895	71,220	173,132	81,769	564,590	6	30,250	1,557,870
Minnesota.....	45	384,335	48,935	433,270	8,541	260,848	6,040	56,059	31,603	78,720	3	9,200	393,535
Mississippi.....	242	1,649,743	75,911	1,725,654	6,817	589,573	111,485	96,335	458,025	470,236	14	34,395	1,684,138
Missouri.....	148	1,992,178	186,982	2,179,160	13,461	1,344,569	121,353	113,563	139,021	460,654	27	210,743	2,202,921
Montana.....	33	493,796	42,355	536,151	14,964	252,615	25,710	18,552	89,097	150,177	1	11,296	505,092
Nebraska.....	22	335,340	52,051	387,391	15,243	317,094	17,043	5,919	8,655	38,680	2	11,860	347,200
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire.....	6	68,625	1,690	70,315	11,438	20,815	2,465	7,755	9,405	29,875	0	0	68,625
New Jersey.....	26	322,125	24,850	346,975	12,389	143,350	5,500	58,080	27,550	112,495	0	0	322,125
New Mexico.....	28	418,687	17,355	436,042	14,953	231,707	27,120	18,580	67,450	91,185	7	34,388	453,075
New York.....	56	505,173	58,872	564,045	9,021	339,730	6,700	105,750	30,725	81,140	2	8,700	513,873
North Carolina.....	219	2,274,977	78,265	2,353,242	10,388	669,190	156,878	240,497	496,783	789,894	11	63,348	2,338,325
North Dakota.....	172	2,614,913	126,779	2,741,692	15,203	1,390,390	28,070	303,924	428,989	590,319	6	30,047	2,644,960
Ohio.....	21	273,530	51,675	325,205	13,025	231,341	12,105	32,659	11,150	37,950	2	9,910	283,440
Oklahoma.....	91	1,162,211	40,090	1,202,301	12,772	677,266	23,304	60,951	218,203	222,577	6	45,280	1,207,491
Oregon.....	33	450,240	5,000	455,240	13,644	171,579	25,855	43,085	31,285	183,436	2	16,560	466,800
Pennsylvania.....	80	840,972	56,139	897,111	10,512	424,567	48,475	136,670	25,590	261,809	4	24,420	865,392
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	63	525,969	33,820	559,789	8,349	227,825	8,630	26,410	186,895	110,029	5	22,150	548,119
South Dakota.....	68	1,262,983	134,862	1,397,845	18,573	1,014,012	20,635	101,398	67,504	194,296	6	53,258	1,316,241
Tennessee.....	186	1,687,140	112,788	1,799,928	9,071	813,040	121,520	151,232	269,433	444,703	6	26,130	1,713,270
Texas.....	140	1,800,161	74,583	1,874,744	12,858	891,047	82,415	159,648	295,784	445,850	14	130,124	1,930,285
Utah.....	44	635,665	19,445	655,110	14,447	340,245	34,115	31,850	65,990	182,910	0	0	635,665
Vermont.....	9	94,110	5,475	99,585	10,457	49,480	3,195	10,658	10,817	25,435	2	12,210	106,320
Virginia.....	42	508,785	21,350	530,135	12,114	248,313	50,742	31,990	81,375	117,715	5	30,405	539,190
Washington.....	63	880,730	21,305	902,035	13,980	253,297	66,180	105,347	47,072	430,139	4	16,560	897,290
West Virginia.....	39	426,785	14,795	441,580	10,943	143,135	45,076	36,529	22,000	194,840	3	14,806	441,591
Wisconsin.....	149	1,869,956	139,920	2,009,876	12,550	1,173,792	60,195	228,609	81,914	465,366	9	40,295	1,910,251
Wyoming.....	19	304,120	33,617	337,737	16,006	241,375	2,080	6,176	54,411	33,695	1	3,500	307,620
Alaska.....	2	34,135	0	34,135	17,068	0	9,625	6,665	1,600	16,245	0	0	34,135
Hawaii.....	37	451,077	92,330	543,407	12,191	246,373	13,948	56,072	202,068	24,946	2	12,428	463,505
Puerto Rico.....	11	90,385	7,624	98,009	8,217	24,109	0	11,950	53,600	8,350	0	0	90,385
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, Farm Development, and Building Improvement borrowers by private lenders, which are insured by the Government.

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Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1956

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full						Borrowers with unpaid balance as of March 31, 1956					
					Payments		Write-offs and judgments				Principal and interest payments			
			Number	Total credits	Principal	Interest	Principal 1/	Interest 2/	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
												Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
U. S. Total.....	71,159	$478,530,229	40,227	$272,089,976	$229,871,923	$40,033,599	$2,023,745	$160,709	30,932	$77,544,438	$93,081,911	$83,598,475	108	$9,483,436
Alabama.....	4,910	24,525,552	2,968	14,631,570	12,384,760	2,191,156	47,643	8,011	1,942	3,837,918	4,837,252	4,083,537	106	753,715
Arizona.....	135	1,776,448	60	792,042	656,440	121,385	13,134	1,083	75	180,072	207,617	185,947	103	21,670
Arkansas.....	4,217	20,537,389	2,391	12,357,132	10,044,641	1,915,398	385,277	11,816	1,826	3,834,875	4,478,595	3,977,380	104	501,215
California.....	478	4,957,522	293	3,184,644	2,707,292	468,221	8,860	271	185	555,416	662,804	608,483	110	54,321
Colorado.....	549	5,371,390	346	3,360,450	2,906,182	445,160	9,042	66	203	703,666	734,840	657,231	93	77,609
Connecticut.....	42	422,344	21	228,834	188,818	28,224	11,792	0	21	88,522	91,707	86,277	97	5,430
Delaware.....	88	634,317	51	371,185	310,427	51,580	8,220	958	37	105,666	131,209	92,136	87	39,073
Florida.....	735	4,398,424	393	2,171,636	1,844,903	304,088	21,710	935	342	692,764	840,046	668,677	97	171,369
Georgia.....	5,690	27,320,813	3,611	17,205,817	14,469,117	2,658,981	72,808	4,911	2,079	4,253,666	5,472,744	4,239,057	100	1,233,687
Idaho.....	837	9,145,161	241	2,227,853	1,881,450	335,619	9,434	1,350	596	1,225,670	1,234,404	1,176,092	96	58,312
Illinois.....	1,056	10,006,616	647	6,979,326	5,915,063	1,058,039	5,159	1,065	409	1,469,389	1,799,422	1,710,043	116	89,379
Indiana.....	988	9,162,141	563	5,521,236	4,738,298	766,561	14,277	2,100	425	1,545,069	1,994,851	1,914,193	124	80,658
Iowa.....	1,380	14,055,383	820	8,706,378	7,418,065	1,281,997	5,680	636	560	1,877,736	2,197,998	2,136,242	114	61,756
Kansas.....	1,288	12,328,063	660	6,644,373	5,648,135	938,851	55,398	1,989	628	2,130,718	2,514,151	2,383,465	112	130,686
Kentucky.....	1,314	10,330,745	890	7,290,429	6,256,273	1,014,203	19,320	633	424	1,239,490	1,568,356	1,500,622	121	67,734
Louisiana.....	2,366	13,876,995	1,184	7,485,746	6,190,392	1,237,760	52,813	4,781	1,182	2,879,268	3,563,535	3,224,600	112	338,935
Maine.....	241	1,619,948	90	546,969	440,863	70,419	35,559	128	151	350,612	396,023	358,738	102	37,285
Maryland.....	344	2,758,906	174	1,527,986	1,286,505	235,000	5,919	562	170	484,227	664,568	502,380	104	162,188
Massachusetts.....	93	820,415	43	415,623	348,165	54,280	12,373	805	50	164,307	196,203	142,390	87	53,813
Michigan.....	972	6,726,897	566	3,727,857	3,132,814	560,572	29,651	4,820	406	1,239,734	1,502,006	1,360,767	110	141,239
Minnesota.....	2,647	16,199,534	1,524	9,750,983	8,325,500	1,383,523	39,963	1,997	1,123	2,473,512	2,911,201	2,792,461	113	118,740
Mississippi.....	5,479	32,183,491	2,288	13,150,345	10,577,824	2,278,389	268,128	26,004	3,191	7,056,694	8,313,502	7,294,491	103	1,019,011
Missouri.....	3,155	21,543,535	1,624	11,024,409	9,367,630	1,624,162	30,243	2,374	1,531	3,625,334	4,126,353	3,955,166	109	171,187
Montana.....	663	4,971,897	378	2,911,940	2,429,825	446,157	30,689	5,269	285	886,449	975,839	909,458	103	66,381
Nebraska.....	979	10,653,771	599	6,864,859	5,952,590	887,779	21,769	2,721	380	1,232,586	1,417,571	1,383,408	112	34,163
Nevada.....	50	571,509	13	145,315	121,043	23,286	111	875	37	111,729	124,611	97,111	87	27,500
New Hampshire.....	54	406,699	21	142,459	113,015	21,497	7,947	0	33	73,383	68,137	58,041	79	10,096
New Jersey.....	259	2,536,417	115	1,187,562	996,898	175,813	12,874	1,977	144	467,412	582,125	513,917	110	68,208
New Mexico.....	312	3,428,979	149	1,534,631	1,308,521	202,154	23,956	0	163	507,905	503,282	478,504	94	24,778
New York.....	795	5,297,056	426	3,036,077	2,500,858	439,335	93,098	2,786	369	926,667	1,163,197	949,905	103	213,292
North Carolina.....	4,123	22,710,027	2,642	14,119,226	12,144,148	1,958,459	13,710	2,909	1,481	2,982,795	3,700,134	3,221,292	108	478,842
North Dakota.....	855	7,427,402	486	3,893,713	3,386,894	467,738	35,484	3,597	369	1,121,243	1,216,666	1,152,935	103	63,731
Ohio.....	1,224	10,149,448	736	6,534,057	5,553,741	920,932	51,819	7,565	488	1,577,501	1,946,754	1,802,182	114	144,572
Oklahoma.....	3,335	21,695,211	2,075	13,741,648	11,692,862	1,973,198	72,987	2,601	1,260	3,661,741	4,515,919	4,140,702	113	375,217
Oregon.....	591	4,941,409	351	2,424,604	2,074,216	328,541	18,044	3,803	240	685,588	716,261	678,327	99	37,934
Pennsylvania.....	1,009	6,713,076	547	3,974,021	3,315,360	604,984	48,708	4,969	462	1,104,087	1,352,964	1,211,550	110	141,414
Rhode Island.....	5	42,072	3	25,990	21,197	4,793	0	0	2	3,752	4,179	4,029	107	150
South Carolina.....	2,930	14,565,940	1,679	8,592,031	7,228,638	1,323,756	37,983	1,654	1,251	2,714,436	3,482,878	2,826,341	104	656,537
South Dakota.....	770	7,225,819	466	4,113,943	3,573,632	538,595	1,716	0	304	931,487	1,012,051	983,406	106	28,645
Tennessee.....	2,362	14,821,727	1,353	8,705,453	7,397,845	1,281,223	25,617	768	1,009	2,356,856	2,871,027	2,631,161	112	239,866
Texas.....	5,335	43,432,272	3,374	29,360,727	25,021,499	4,262,241	70,827	6,160	1,961	6,759,101	8,425,520	7,833,352	116	592,168
Utah.....	382	4,126,537	98	994,555	794,616	177,163	17,435	5,341	284	888,730	904,681	834,387	94	70,294
Vermont.....	186	1,337,606	96	701,351	541,606	95,379	61,189	3,177	90	205,817	238,239	191,054	93	47,185
Virginia.....	1,210	7,799,528	747	4,671,939	3,993,533	674,553	1,837	2,016	463	1,221,186	1,491,689	1,279,026	105	212,663
Washington.....	686	7,945,040	250	2,195,086	1,874,834	311,582	8,553	117	436	886,641	964,942	849,464	96	115,478
West Virginia.....	690	4,099,147	339	2,002,831	1,649,856	303,668	42,659	6,648	351	734,227	937,296	802,034	109	135,262
Wisconsin.....	1,892	10,889,289	1,166	6,152,593	5,277,277	823,952	47,312	4,052	726	1,602,264	1,946,824	1,847,675	115	99,149
Wyoming.....	317	3,214,242	115	1,086,117	914,887	156,875	11,674	2,681	202	544,003	519,395	487,988	90	31,407
Alaska.....	11	149,844	1	14,040	13,072	968	0	0	10	24,473	20,996	20,996	86	0
Hawaii.....	273	1,857,640	176	1,208,800	1,015,521	175,686	17,476	117	97	264,854	283,552	263,946	100	19,606
Puerto Rico.....	842	4,661,827	376	2,441,856	1,916,017	428,360	85,868	11,611	466	1,046,214	1,246,240	1,086,354	104	159,886
Virgin Islands.....	15	156,769	2	9,729	8,365	1,364	0	0	13	6,986	9,555	9,555	137	0

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid-up borrowers include those paid through repossession, debt settlement, etc.

1/ Principal write-offs total $1,619,878 and judgments $403,867.
2/ Interest write-offs total $121,098 and judgments $39,611.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1956

State and territory	Total number of borrowers	Total amount insured	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1956					
			Number	Payments				Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total 1/	Principal	Interest				Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
						On amount loaned by private lenders	Insurance and interest payments to fund				Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total.....	13,212	$124,779,295	1,470	$12,929,852	$11,254,102	$1,201,665	$474,085	11,742	$16,364,751	$18,514,186	$17,272,070	106	$1,242,116
Alabama.....	434	3,209,688	32	210,232	185,066	18,027	7,139	402	341,121	425,741	375,496	110	50,245
Arizona.....	26	418,021	2	27,963	23,950	2,864	1,149	24	30,593	33,735	33,269	109	466
Arkansas.....	308	1,868,292	55	328,075	294,278	24,179	9,618	253	232,543	284,093	245,599	106	38,494
California.....	73	1,001,832	7	76,282	66,113	7,255	2,914	66	68,803	76,245	69,992	102	6,253
Colorado.....	181	2,142,611	27	295,366	258,014	26,662	10,690	154	359,817	344,995	320,418	89	24,577
Connecticut.....	12	125,206	1	12,310	10,516	1,312	482	11	10,292	11,146	10,995	107	151
Delaware.....	10	93,940	2	13,271	12,300	640	331	8	9,616	11,007	9,657	100	1,350
Florida.....	143	1,259,214	14	123,174	106,788	11,837	4,549	129	110,863	126,937	113,919	103	13,018
Georgia.....	768	6,131,086	102	639,015	554,540	59,632	24,843	666	693,801	790,422	672,722	97	117,700
Idaho.....	172	1,936,631	18	188,188	163,805	17,844	6,539	154	214,234	219,487	206,465	96	13,022
Illinois.....	153	1,610,586	17	144,206	124,929	13,835	5,442	136	185,436	195,933	190,129	103	5,804
Indiana.....	254	3,154,001	42	499,614	432,346	48,096	19,172	212	450,321	541,767	492,008	109	49,759
Iowa.....	444	5,628,444	50	580,321	507,977	52,960	19,384	394	778,720	854,724	839,030	108	15,694
Kansas.....	458	4,947,654	73	801,833	697,853	74,119	29,861	385	841,150	930,915	883,614	105	47,301
Kentucky.....	183	1,978,285	12	130,676	111,176	13,517	5,983	171	218,469	273,688	262,772	120	10,916
Louisiana.....	252	2,038,231	25	207,546	184,847	16,239	6,460	227	259,355	309,327	289,389	112	19,938
Maine.....	244	1,813,924	15	128,387	115,179	9,353	3,855	229	201,076	230,397	203,363	101	27,034
Maryland.....	73	662,478	14	132,753	113,128	14,022	5,603	59	90,207	115,225	108,690	120	6,535
Massachusetts.....	13	132,616	1	11,104	10,191	662	251	12	24,692	28,072	26,214	106	1,858
Michigan.....	457	4,803,363	37	396,766	334,018	45,634	17,114	420	652,480	736,668	696,360	107	40,308
Minnesota.....	441	3,631,819	68	610,295	528,296	59,295	22,704	373	720,685	787,219	767,424	106	19,795
Mississippi.....	716	4,471,970	51	317,411	277,246	28,536	11,629	665	437,672	509,077	474,873	108	34,204
Missouri.....	1,005	8,397,595	113	865,398	742,537	88,643	34,218	892	1,162,402	1,234,862	1,179,308	101	55,554
Montana.....	92	1,152,318	11	144,882	127,015	12,758	5,109	81	173,364	183,372	171,949	99	11,423
Nebraska.....	197	2,356,170	22	284,363	244,966	28,649	10,748	175	432,495	460,062	436,033	101	24,029
Nevada.....	7	93,250	1	13,937	12,600	949	388	6	4,846	6,225	4,910	101	1,315
New Hampshire.....	15	144,645	2	20,696	17,655	2,126	915	13	12,720	17,570	11,306	89	6,264
New Jersey.....	101	1,102,051	21	252,509	223,520	20,351	8,638	80	151,235	176,267	153,839	102	22,428
New Mexico.....	114	1,542,574	6	96,643	82,261	10,419	3,963	108	127,202	131,995	120,903	95	11,092
New York.....	215	1,791,691	20	151,877	131,989	14,159	5,729	195	206,766	234,572	210,656	102	23,916
North Carolina.....	633	4,916,115	94	588,177	515,433	51,339	21,405	539	568,496	710,799	639,103	112	71,696
North Dakota.....	554	7,250,651	26	314,750	268,780	32,671	13,299	528	759,087	826,137	773,354	102	52,783
Ohio.....	205	2,025,685	34	311,181	267,428	31,438	12,315	171	304,603	342,679	319,586	105	23,093
Oklahoma.....	358	3,646,088	48	415,379	364,664	36,183	14,532	310	495,435	548,443	518,129	105	30,314
Oregon.....	113	1,353,070	8	88,710	81,255	5,611	1,844	105	184,954	192,898	186,271	101	6,627
Pennsylvania.....	386	3,077,249	60	456,558	396,730	43,275	16,553	326	423,940	497,087	442,236	104	54,851
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	336	2,489,480	32	223,199	195,081	20,105	8,013	304	287,285	341,196	302,099	105	39,097
South Dakota.....	306	3,975,804	22	273,607	235,252	27,310	11,045	284	568,907	548,699	533,792	94	14,907
Tennessee.....	381	3,135,812	24	180,661	159,899	14,922	5,840	357	313,488	358,392	330,379	105	28,013
Texas.....	584	5,890,808	88	871,376	772,973	71,224	27,179	496	963,308	1,182,487	1,124,204	117	58,283
Utah.....	60	710,274	2	23,959	20,510	2,490	959	58	100,783	102,164	99,906	99	2,258
Vermont.....	28	207,759	1	7,552	6,404	773	375	27	32,504	36,302	32,216	99	4,086
Virginia.....	213	2,160,310	23	204,121	181,977	15,864	6,280	190	270,592	341,925	281,069	104	60,856
Washington.....	209	2,569,800	12	139,258	118,019	15,218	6,021	197	272,974	282,110	275,761	101	6,349
West Virginia.....	127	1,031,816	12	89,288	75,937	9,437	3,914	115	97,924	110,138	105,316	108	4,822
Wisconsin.....	1,063	9,678,083	115	956,678	829,805	91,090	35,783	948	1,403,912	1,666,484	1,593,605	114	72,879
Wyoming,.....	28	321,792	2	23,184	20,518	1,747	919	26	45,187	54,460	51,034	113	3,426
Alaska.....	1	16,785	0	0	0	0	0	1	179	311	311	174	0
Hawaii.....	66	681,728	6	57,121	48,338	6,394	2,389	60	68,217	89,730	82,397	121	7,333
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers loans advanced by private lenders which are insured by the Government. In addition to amount insured, this table covers small amounts advanced, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

1/ Includes principal write-offs in the amount of $35,636, principal judgments in the amount of $4,902.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VII - Farm Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds
1956 Fiscal Year

State and territory	Loans to new borrowers															Number of loans to indebted borrowers	Amount of loans to indebted borrowers and loan costs	Total amount of loans
	Number	Amount of funds			Use of funds													
					Dwellings				Other farm buildings				Water systems		Amount of fees			
		Loans	Furnished by borrower	Total	New		Repair		New		Repair							
					Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total																		
Percent distribution..	-	-	-	100.0%	-	79.5%	-	7.5%	-	9.5%	-	0.6%	-	2.4%	0.5%			
Amount.....	523	$3,568,109	$81,399	$3,649,508	386	$2,900,538	92	$274,361	139	$345,230	27	$22,345	160	$89,765	$17,269	38	$191,926	$3,760,035
Alabama.....	31	226,275	6,275	232,550	27	203,000	3	8,585	5	15,425	1	915	11	3,825	800	6	47,645	273,920
Arizona.....	3	22,650	1,059	23,709	2	19,709	1	4,000	0	0	0	0	0	0	0	0	1,034	23,684
Arkansas.....	36	189,725	5,173	194,898	25	153,573	11	22,745	6	10,380	3	1,350	17	5,360	1,490	3	9,674	199,399
California.....	9	96,390	3,529	99,919	9	90,179	0	0	5	7,015	0	0	3	2,500	225	0	59	96,449
Colorado.....	1	7,700	95	7,795	1	7,000	0	0	0	0	0	0	1	795	0	0	1,643	9,343
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida.....	22	166,425	55	166,480	15	135,550	6	17,550	3	12,055	0	0	2	750	575	2	9,990	176,415
Georgia.....	30	186,525	7,350	193,875	26	176,750	2	4,950	4	6,400	3	255	8	4,650	870	6	19,509	206,034
Idaho.....	5	42,080	8,165	50,245	5	49,745	0	0	0	0	0	0	1	500	0	0	51	42,131
Illinois.....	7	39,550	900	40,450	3	23,500	4	8,895	5	7,685	0	0	1	220	150	1	6,042	45,592
Indiana.....	3	20,950	0	20,950	2	17,000	1	2,950	0	0	0	0	1	950	50	0	38	20,988
Iowa.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	28
Kansas.....	3	12,350	0	12,350	0	0	3	8,461	1	500	3	1,185	2	2,000	204	0	186	12,536
Kentucky.....	13	100,415	0	100,415	10	85,070	2	2,965	4	4,475	2	2,000	7	5,345	560	0	173	100,588
Louisiana.....	27	203,145	5,000	208,145	21	180,100	4	17,010	3	9,250	0	0	3	1,100	685	0	274	203,419
Maine.....	6	46,214	0	46,214	0	0	1	2,000	4	39,079	1	1,950	2	2,800	385	0	4,282	50,496
Maryland.....	4	30,910	0	30,910	1	4,000	1	1,535	2	24,200	0	0	1	890	285	1	2,500	33,410
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan.....	12	84,535	0	84,535	5	32,675	5	26,050	8	23,750	1	1,000	2	800	260	1	3,147	87,682
Minnesota.....	4	28,900	1,000	29,900	2	12,865	1	2,940	2	10,315	1	3,000	1	500	280	0	30	28,930
Mississippi.....	83	462,625	6,888	469,513	71	404,118	11	40,530	7	7,385	1	2,000	20	12,885	2,595	0	820	463,445
Missouri.....	23	108,470	2,340	110,810	10	56,315	6	6,640	15	35,705	3	3,750	8	7,685	715	5	15,418	123,888
Montana.....	3	10,200	0	10,200	2	8,160	0	0	2	1,846	0	0	0	0	194	0	13	10,213
Nebraska.....	2	19,100	2,000	21,100	2	20,550	0	0	0	0	0	0	1	500	50	0	45	19,145
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36	36
New Hampshire.....	2	7,950	0	7,950	0	0	1	450	3	7,150	1	300	0	0	50	0	0	7,950
New Jersey.....	4	30,500	0	30,500	1	15,000	1	100	5	13,800	0	0	1	1,500	100	0	0	30,500
New Mexico.....	1	18,150	0	18,150	1	16,000	0	0	1	2,150	0	0	0	0	0	0	135	18,285
New York.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,321	5,321
North Carolina.....	36	268,585	2,945	271,530	26	216,115	4	20,715	11	25,980	1	125	19	7,210	1,385	5	20,531	289,116
North Dakota.....	4	51,845	0	51,845	4	48,795	0	0	0	0	0	0	2	2,700	350	0	1,446	53,291
Ohio.....	2	18,485	0	18,485	1	13,000	0	0	2	4,550	1	800	0	0	135	0	76	18,561
Oklahoma.....	15	98,850	500	99,350	12	84,700	1	820	10	11,745	0	0	4	1,460	625	3	8,252	107,102
Oregon.....	1	6,500	11,550	18,050	1	18,000	0	0	0	0	0	0	0	0	50	0	70	6,570
Pennsylvania.....	3	24,500	2,000	26,500	2	21,150	0	0	1	5,255	0	0	0	0	95	0	4,388	28,888
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	31	233,500	2,840	236,340	25	211,465	4	13,025	3	8,250	0	0	8	1,975	1,625	2	11,306	244,806
South Dakota.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	274	274
Tennessee.....	26	137,400	0	137,400	18	108,925	6	11,970	5	8,960	1	400	12	6,175	970	0	153	137,553
Texas.....	27	234,365	1,235	235,600	24	206,139	3	8,800	8	14,245	0	0	7	5,510	906	0	1,473	235,838
Utah.....	5	37,000	0	37,000	3	21,000	2	14,000	0	0	2	2,000	0	0	0	0	215	37,215
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	7	48,880	0	48,880	3	20,550	4	13,580	5	11,875	0	0	6	2,660	215	0	191	49,071
Washington.....	2	15,500	0	15,500	1	13,000	0	0	1	2,500	0	0	0	0	0	1	2,520	18,020
West Virginia.....	6	52,065	0	52,065	4	39,500	2	7,885	1	4,325	0	0	1	300	55	1	7,512	59,577
Wisconsin.....	4	23,800	4,000	27,800	1	13,400	2	5,210	5	5,820	2	1,315	3	1,920	135	0	81	23,881
Wyoming.....	2	19,500	0	19,500	2	17,500	0	0	0	0	0	0	1	2,000	0	1	3,207	22,707
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	4	45,800	0	45,800	4	41,940	0	0	2	3,160	0	0	1	500	200	0	30	45,830
Puerto Rico.....	13	84,800	2,000	86,800	13	85,000	0	0	0	0	0	0	3	1,800	0	0	2,108	86,908
Virgin Islands.....	1	5,000	4,500	9,500	1	9,500	0	0	0	0	0	0	0	0	0	0	0	5,000

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VIII - Farm Housing: Number of Borrowers, Amount Loaned, and Payments
Cumulative Through December 31, 1955

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full				Borrowers with unpaid balance as of December 31, 1955					
			Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	18,934	$97,323,838	3,466	$15,562,678	$14,146,768	$1,415,910	15,468	$21,145,692	$24,193,647	$22,268,435	105	$1,925,212
Alabama	1,060	5,744,608	180	960,502	883,431	77,071	880	1,242,034	1,472,573	1,387,787	112	84,786
Arizona	104	747,469	28	192,019	175,684	16,335	76	144,201	148,402	141,791	98	6,611
Arkansas	987	3,273,166	177	559,588	512,322	47,266	810	700,826	835,178	753,998	108	81,180
California	455	2,816,264	125	655,775	591,584	64,191	330	562,863	611,705	571,643	102	40,062
Colorado	226	1,330,547	47	235,293	211,401	23,892	179	263,946	272,151	248,668	94	23,483
Connecticut	34	142,082	12	44,230	40,615	3,615	22	28,403	32,802	31,332	110	1,470
Delaware	5	26,290	2	15,111	13,540	1,571	3	3,082	2,361	2,361	77	0
Florida	365	2,162,337	71	387,432	353,784	33,648	294	480,315	527,344	495,561	103	31,783
Georgia	1,171	5,755,496	211	880,397	792,053	88,344	960	1,328,868	1,554,128	1,405,030	106	149,098
Idaho	340	2,111,531	53	288,587	257,835	30,752	287	491,849	517,278	486,366	99	30,912
Illinois	358	1,421,650	91	306,923	280,352	26,571	267	320,728	350,304	330,277	103	20,027
Indiana	318	1,643,998	81	320,180	291,896	28,284	237	322,310	388,226	356,359	111	31,867
Iowa	366	1,734,458	58	244,612	221,131	23,481	308	334,283	381,864	341,042	102	40,822
Kansas	281	1,535,582	66	299,731	270,308	29,423	215	298,256	334,779	295,530	99	39,249
Kentucky	447	2,379,664	50	228,988	211,202	17,766	397	527,426	657,128	594,149	113	62,979
Louisiana	644	3,353,687	96	480,277	436,099	44,178	548	838,685	983,092	921,273	110	61,819
Maine	267	1,083,479	54	184,980	166,885	18,095	213	267,285	289,195	262,091	98	27,104
Maryland	146	817,021	36	180,493	164,315	16,178	110	148,841	162,971	151,553	102	11,418
Massachusetts	22	117,808	6	31,504	27,855	3,649	16	19,560	18,840	17,042	87	1,798
Michigan	431	2,095,904	69	306,780	271,557	35,223	362	473,107	548,998	520,718	110	28,280
Minnesota	323	1,353,703	57	268,274	243,578	24,696	266	248,174	275,146	254,892	103	20,254
Mississippi	1,165	4,966,137	184	726,170	667,665	58,505	981	1,160,702	1,347,292	1,254,142	108	93,150
Missouri	936	3,413,702	192	607,511	556,454	51,057	744	690,566	789,406	732,733	106	56,673
Montana	191	1,177,047	31	152,091	140,087	12,004	160	243,499	285,442	246,467	101	38,975
Nebraska	368	1,689,057	99	425,971	383,750	42,221	269	343,781	354,621	333,050	97	21,571
Nevada	24	169,742	2	3,750	3,500	250	22	45,238	44,770	44,419	98	351
New Hampshire	16	65,470	4	12,833	11,355	1,478	12	9,163	10,201	9,601	105	600
New Jersey	161	827,513	32	134,515	121,521	12,994	129	176,743	186,033	177,908	101	8,125
New Mexico	242	1,372,975	51	197,981	179,045	18,936	191	301,758	313,691	292,762	97	20,929
New York	169	944,668	34	161,623	147,516	14,107	135	180,578	197,705	174,331	97	23,374
North Carolina	760	4,365,569	106	506,122	462,990	43,132	654	913,140	1,183,266	1,061,364	116	121,902
North Dakota	199	1,253,951	17	78,772	70,959	7,813	182	283,049	291,851	266,406	94	25,445
Ohio	204	962,328	70	318,058	288,048	30,010	134	164,048	191,868	172,597	105	19,271
Oklahoma	978	4,988,648	179	810,463	742,356	68,107	799	1,094,876	1,227,300	1,109,120	101	118,180
Oregon	208	1,355,552	40	221,759	203,325	18,434	168	311,952	342,332	310,672	100	31,660
Pennsylvania	368	1,618,829	97	309,884	278,158	31,726	271	342,760	377,690	343,971	100	33,719
Rhode Island	2	5,570	0	0	0	0	2	1,090	1,414	1,232	113	182
South Carolina	618	3,649,464	69	300,337	272,023	28,314	549	877,172	1,029,949	957,176	109	72,773
South Dakota	236	1,263,121	35	170,700	152,711	17,989	201	243,889	234,335	211,704	87	22,631
Tennessee	603	3,147,368	113	481,744	437,357	44,387	490	678,437	815,296	756,601	112	58,695
Texas	1,161	6,726,135	221	1,160,153	1,054,099	106,054	940	1,476,288	1,700,176	1,579,045	107	121,131
Utah	269	1,682,266	38	245,927	220,957	24,970	231	408,307	459,664	423,472	104	36,192
Vermont	18	71,375	3	16,563	14,890	1,673	15	12,743	13,924	13,220	104	704
Virginia	351	2,268,987	48	253,636	230,361	23,275	303	505,908	573,701	526,532	104	47,169
Washington	214	1,462,155	34	214,436	194,523	19,913	180	323,278	343,760	323,402	100	20,358
West Virginia	255	1,660,661	31	200,598	183,899	16,699	224	386,016	464,037	418,673	108	45,364
Wisconsin	305	1,416,824	54	206,541	187,897	18,644	251	293,310	356,567	316,720	108	39,847
Wyoming	143	829,312	33	171,815	156,613	15,202	110	178,815	175,455	165,898	93	9,557
Alaska	1	1,000	1	1,105	1,000	105	0	0	0	0	0	0
Hawaii	103	838,461	19	114,962	103,394	11,568	84	173,752	209,984	189,550	109	20,434
Puerto Rico	299	1,394,989	54	258,667	238,500	20,167	245	269,531	291,783	275,535	102	16,248
Virgin Islands	17	88,218	5	26,335	24,388	1,947	12	10,261	15,669	10,669	104	5,000

Farm Operating Loans (Production and Subsistence Loans)

1. Loans: The annual Appropriation Act for 1957 provides for borrowing $165,000,000 from the Secretary of the Treasury for operating loans. This is $27,500,000 greater than the amount available in fiscal year 1956. In addition, a contingency borrowing authorization of $15,000,000 is contained in the Act for use if conditions warrant.

Public Law 878 approved August 1, 1956 amends Title II of the Bankhead-Jones Farm Tenant Act by changing the name of loans authorized thereunder from "Production and Subsistence Loans" to "Operating Loans". This Law also makes other changes in the existing authority as follows:

"Loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans."

The previous limitation of $7,000 on the amount of an initial loan is increased $10,000 and the previous $10,000 limit on the total principal and interest indebtedness of a borrower is eliminated in favor of a total limit of $20,000 on the principal only indebtedness of a borrower. The amended Act provides for using not to exceed 10 percent of the annual appropriation for making loans to borrowers which would cause their principal indebtedness to exceed $10,000 up to the $20,000 principal indebtedness limit.

The present provision that no person who has failed to liquidate his indebtedness for 7 consecutive years may receive additional loan assistance is retained, but the Act contains a proviso authorizing the extension of this period up to 10 years in justifiable cases where the inability of the borrower to repay his indebtedness is due to causes beyond his control.

Title II of the Bankhead-Jones Farm Tenant Act as amended has continuously authorized the refinancing of existing indebtedness of applicants. However, this authority has been used only when the refinancing was an incidental part of a loan being made for other agricultural purposes. In view of the current need of many farmers to refinance their existing indebtedness, and in view of the approval of loans solely for refinancing by amendments to Title I of the Act, the Farmers Home Administration plans to utilize to a much broader extent the authority for refinancing under Title II of the Act. Heretofore, the Farmers Home Administration has categorized its production and subsistence loans as (1) "initial adjustment loans" meaning loans involving the making of basic adjustments in the farming operations of the borrower, (2) "subsequent adjustment loans" meaning additional loan advances to indebted borrowers to complete the adjustment process, and (3) "annual loans" meaning loans for annual operating expense usually to individuals not requiring basic adjustments in their farming operations. It is proposed

in 1957 and future years to maintain records which will identify the loans as being made on family-type or less than family-type farms. Loans on family-type farms will include loans to full-time operators with whom long-term and annual farm and home plans will be developed. Also, loans on family-type farms will include loans to operators whose needs can largely be met by annual operating credit and with whom an annual farm home plan will be developed. These loans usually will be payable within one year. Loans on less than family-type farms will be made only to bona fide farmers who have historically resided on farms and who are conducting substantial farming operations, but who require fairly dependable off-farm income to meet living and operating expenses and the amounts due on their loans. An annual farm home plan will be developed with borrowers on less than family-type farms. Records will be maintained to show the number and amount of initial loans to applicants on family-type and less than family-type farms as well as the number and amount of subsequent loans made to these borrowers.

All of the adjustment type loans heretofore made have been so-called "supervised loans", where long-time and annual farm and home plans were drawn and approved and technical assistance and guidance were given to the borrower. Most of the annual type loans were not accompanied by "supervision", although an annual farm and home plan was prepared. It is proposed that hereafter all operating loans under Title II will be accompanied by some "supervision". The actual amount of technical assistance and guidance rendered to a borrower will depend upon the County Supervisor's judgment as to the actual need therefor. Loans on less than family-type farms will be made in the pilot areas established under the Rural Development Program and in other areas of the country where there is a need to assist operators of such farms.

The following table shows the numbers of production and subsistence loans in each category from fiscal year 1949 through 1956:

Fiscal Year	Number Initial Loans Made			Subsequent Adjustment Loans	Total All Loans	Total Available for Operating Loans
	Adjustment	Annual	Total			
1949	37,935	25,621	63,556	37,049	100,605	$ 75,000,000
1950	40,622	8,772	49,394	41,773	91,167	85,000,000
1951	34,311	11,633	45,944	44,230	90,174	103,000,000
1952	23,649	855	24,504	34,361	58,865	110,000,000
1953	23,618	408	24,026	34,413	58,439	120,000,000
1954	26,898	7,237	34,135	39,031	73,166	140,000,000
1955	21,280	1,684	22,964	41,667	64,631	122,500,000
1956	21,099	4,219	25,318	47,136	72,454	137,500,000

See Table I for distribution by states.

2. Use of Loan Funds: The major portion of the production and subsistence loan funds in 1956 was used to assist farmers in making basic adjustments in their farming operations. An analysis of initial loans indicates that about 26 percent of the loan funds was used for the purchase of productive livestock, 23 percent for the purchase of workstock, machinery and equipment, 22 percent for the refinancing of existing debts secured by livestock and equipment, and 23 percent for current farm operating expenses. The other 6 percent was used for pasture and other minor land development, fencing, family-living expenses and other minor items of expense.

3. The 1957 Program: Amendments to Title II of the Bankhead-Jones Farm Tenant Act will not result in changing the character of the loan program materially as far as emphasis on assisting eligible applicants to increase the efficiency of their farming operations through the establishment of new enterprises and placing the borrowers in a position to farm more efficiently through better utilization of land and other resources. Loans on less than family-type farms will be made in all areas of the country under fairly rigid standards requiring the applicant to have been historically engaged in farming and to be currently substantially so engaged and requiring evidence of a reasonably stable source of off-farm employment needed to provide the borrower with a decent standard of living and assure his debt paying ability. These loans are expected to average between $1,500 to $2,000. Some relaxation in the specific standards of eligibility set up for these loans may be granted when justified in pilot areas established under the Rural Development Program. It is expected that the percentage of loan funds being utilized for the refinancing of existing indebtedness in 1956 will be increased in 1957 due to the need of some applicants to consolidate their indebtedness and extend the repayment period over a longer period than now fixed in their existing outstanding notes.

The following table shows the estimated number and amount of loans in 1957 on family-type farms and on less than family-type farms:

	Family-Type Farms		Less Than Family-Type Farms		Total	
	Number	Amount	Number	Amount	Number	Amount
Initial loans.	33,710	$113,840,000	2,225	$4,000,000	35,935	$117,840,000
Subsequent loans.....	48,325	62,120,000	100	40,000	48,425	62,160,000
Total.....	82,035	175,960,000	2,325	4,040,000	84,360	180,000,000

4. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

A. Cumulative principal and interest collections on production and subsistence loans made by the Farmers Home Administration and other types of operating loans made by predecessor agencies have exceeded cumulative advances made during the last ten fiscal years by $25,276,199 as shown by the following table:

Fiscal Year	Loan Disbursements	Principal Repayments	Interest Payments	Total Payments
1947	$ 89,738,190	$ 119,784,295	$ 14,299,621	$ 134,083,916
1948	59,912,114	101,453,618	12,769,753	114,223,371
1949	74,957,211	78,279,960	11,282,124	89,562,084
1950	84,912,479	68,004,734	9,702,196	77,706,930
1951	102,933,890	83,307,468	10,926,796	94,234,264
1952	109,958,601	90,566,068	11,066,894	101,632,962
1953	119,929,065	82,244,283	11,222,228	93,466,511
1954	139,999,150	89,336,288	11,957,498	101,293,786
1955	122,499,948	111,865,317	13,634,061	125,499,378
1956	137,499,999	121,394,172	14,519,472	135,913,644
Total	1,042,340,647	946,236,203	121,380,643	1,067,616,846

B. Cumulative loan advances and collections of rural rehabilitation loans, Farm Security Administration, Emergency Crop and Feed Loan Division, and the Farmers Home Administration follow:

Loan Advances	Principal	Interest	Total	Principal Repayments to Maturities	Total Collections to Advances
Rural Rehabilitation Loans from June 1935 to October 31, 1946					
$1,004,901,875	$890,265,630	$124,692,195	$1,014,957,825	88.6%	101.0%
Emergency Crop and Feed Loans from 1918 to October 31, 1946					
$575,934,022	$476,435,146	$59,017,541	$535,452,687	82.7%	93.0%
Production and Subsistence Loans from November 1, 1946 to June 30, 1956					
$1,013,854,541	$691,378,430	$68,535,812	$759,914,242	92.9%	74.9%

See Table III for distribution by states.

5. Progress of Borrowers: A summary of reports from 13,968 production and subsistence type loan borrowers who repaid their loans during the 1956 fiscal year and continued to farm, showed an average increase in net worth between the time of application for the loan and the time of final loan repayment of $2,516, from $6,552 to $9,068. Average gross farm income for each of these operators was $3,558 at the time of application, and $5,414 during the year when final payment was made. Since the average borrower was indebted for 4.2 years, the average year of application was 1950 for those borrowers for whom reports were tabulated.

6. Debts Compromised, Adjusted, or Canceled Pursuant to Public Laws 518 and 731: Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation under existing statutory authorities.

The following table shows adjustment, compromise, and cancellation settlements during the fiscal year 1956 and from the inception of such activity on April 4, 1945, through June 30, 1956:

	During Fiscal Year 1956	From Inception April 4, 1945 through June 30, 1956
Number of borrowers involved in settlement	21,582	803,656
Original principal indebtedness	14,316,423	297,478,077
Repaid prior to settlement:		
Principal	6,599,277	114,796,652
Interest	1,336,372	19,669,711
Unpaid balance at time of settlement:		
Principal	7,717,146	182,681,424
Interest	4,994,204	79,170,657
Principal and interest paid at time of settlement	639,866	19,248,721
Principal and interest written off	12,071,483	242,603,361

Amendments to the Bankhead-Jones Farm Tenant Act included in Public Law 878 approved August 1, 1956, extend the cancellation, compromise and adjustment authorities in line with the larger indebtedness limitations contained in the Act. The authority to compromise and adjust claims was raised from $10,000 to $15,000. Compromise or adjustment of claims over 15,000 must be effected by reference to the Secretary of the Treasury or to the Attorney General. Heretofore, only accounts of $100 or less could be cancelled. This monetary restriction has been eliminated, and authority now exists to cancel any uncollectible account, regardless of size. This authority would apply primarily to the accounts of borrowers who have no assets, or who have died and left no estate, or whose whereabouts cannot be ascertained. The authority to cancel accounts where further collection effort would be ineffectual or uneconomical has been raised from $10 to $150.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Total Production and Subsistence Loans to Individuals, 1956 Fiscal Year and Cumulative From Inception, November 1, 1946, Through June 30, 1956 1/

State and territory	1956 fiscal year											Cumulative - November 1, 1946 through June 30, 1956	
	Adjustment loans						Annual loans			Total loans			
	Initial			Subsequent 2/									
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total.....	21,099	$73,034,337	$3,462	47,136	$60,643,427	$1,286	4,219	$3,822,235	$906	72,454	$137,499,999	860,081	$1,013,915,357
Alabama.....	1,137	1,836,185	1,615	2,186	1,979,546	906	200	106,140	531	3,523	3,921,871	50,534	32,712,995
Arizona.....	58	293,330	5,057	151	410,111	2,716	75	276,385	3,685	284	979,826	2,076	5,568,126
Arkansas.....	810	2,217,360	2,737	1,730	2,197,407	1,270	193	203,330	1,054	2,733	4,618,097	41,862	40,054,017
California.....	208	987,275	4,747	621	1,180,849	1,889	44	148,770	3,381	873	2,316,894	7,426	18,068,124
Colorado.....	282	1,412,130	5,008	835	1,380,902	1,654	18	29,920	1,662	1,135	2,822,952	12,933	23,786,463
Connecticut.....	5	31,000	6,200	28	60,820	2,172	2	4,380	2,190	35	96,200	380	968,207
Delaware.....	9	26,925	2,992	22	25,249	1,147	0	0	0	31	52,174	428	548,501
Florida.....	182	480,690	2,641	752	1,004,796	1,336	189	299,990	1,587	1,123	1,785,476	13,555	14,078,944
Georgia.....	569	1,629,120	2,863	1,884	2,857,780	1,517	159	149,690	941	2,612	4,636,590	46,545	39,035,427
Idaho.....	444	2,097,511	4,724	1,275	2,234,769	1,753	23	64,670	2,812	1,742	4,396,950	14,054	26,698,209
Illinois.....	887	4,027,487	4,541	1,022	1,420,265	1,390	54	106,010	1,963	1,963	5,553,762	12,571	25,833,334
Indiana.....	502	2,415,695	4,812	678	1,121,630	1,654	22	32,930	1,497	1,202	3,570,255	8,334	17,752,575
Iowa.....	929	4,603,620	4,955	823	906,100	1,099	12	15,735	1,311	1,764	5,525,455	13,357	24,175,435
Kansas.....	372	1,803,315	4,848	1,309	1,711,812	1,308	10	13,340	1,334	1,691	3,528,467	12,900	21,773,709
Kentucky.....	660	1,101,995	1,670	1,134	903,150	796	83	32,025	386	1,877	2,037,170	24,417	19,199,374
Louisiana.....	753	1,869,765	2,483	1,270	1,770,260	1,394	7	5,475	782	2,030	3,645,500	36,663	32,538,969
Maine.....	234	784,980	3,355	558	1,008,100	1,807	16	52,350	3,272	808	1,845,430	7,671	14,252,862
Maryland.....	153	355,980	2,327	257	258,957	1,006	41	32,005	781	451	646,942	5,183	6,602,149
Massachusetts.....	17	89,595	5,270	48	94,874	1,968	1	500	500	66	184,969	726	1,403,730
Michigan.....	490	2,163,500	4,415	938	1,400,350	1,493	71	113,505	1,599	1,499	3,677,355	11,586	23,367,289
Minnesota.....	413	2,004,330	4,853	757	723,874	954	113	106,205	940	1,283	2,834,409	12,632	25,260,845
Mississippi.....	1,481	2,652,715	1,791	3,109	2,691,641	866	346	153,745	444	4,936	5,498,101	54,630	40,822,076
Missouri.....	607	2,492,100	4,106	2,320	2,403,933	1,035	45	38,400	853	2,972	4,934,433	23,653	34,460,458
Montana.....	199	1,080,119	5,428	957	1,736,005	1,814	79	157,135	1,989	1,235	2,973,259	13,413	25,720,842
Nebraska.....	712	2,965,000	4,164	917	872,204	951	65	69,560	1,070	1,694	3,906,764	9,246	17,582,031
Nevada.....	20	105,680	5,284	35	78,085	2,231	3	14,345	4,782	58	198,110	608	1,648,669
New Hampshire.....	25	143,680	5,747	96	175,143	1,820	0	0	0	121	318,823	1,159	2,610,673
New Jersey.....	125	464,415	3,715	249	487,105	1,956	8	17,850	2,231	382	969,370	3,714	7,362,121
New Mexico.....	176	709,640	4,032	627	1,160,171	1,850	20	32,360	1,618	823	1,902,171	8,399	14,931,637
New York.....	355	1,890,850	5,326	979	1,295,696	1,323	11	27,475	2,498	1,345	3,214,021	10,819	20,175,633
North Carolina.....	1,330	3,154,720	2,372	1,941	2,300,147	1,185	420	221,355	527	3,691	5,676,222	69,070	50,730,054
North Dakota.....	425	2,137,225	5,029	986	1,282,600	1,301	7	6,460	923	1,418	3,426,285	13,497	21,383,497
Ohio.....	248	1,148,335	4,630	338	501,898	1,485	11	7,425	675	597	1,657,658	6,539	14,267,298
Oklahoma.....	618	2,448,330	3,962	2,894	2,877,293	994	113	126,205	1,117	3,625	5,451,828	41,343	50,150,209
Oregon.....	127	627,300	4,939	446	909,082	2,037	37	119,415	3,227	610	1,655,797	5,942	11,982,360
Pennsylvania.....	277	1,377,870	4,974	668	940,083	1,407	16	11,020	689	961	2,328,973	9,775	17,988,937
Rhode Island.....	5	28,200	5,640	9	19,390	2,154	2	9,000	4,500	16	56,590	121	258,395
South Carolina.....	895	1,213,415	1,356	1,304	1,295,113	990	903	334,775	371	3,102	2,843,303	67,709	32,349,137
South Dakota.....	445	2,246,965	5,049	1,205	1,231,202	1,022	12	13,385	1,115	1,662	3,491,552	11,297	20,831,742
Tennessee.....	648	1,256,680	1,939	1,368	1,074,645	786	203	123,625	609	2,219	2,454,950	22,423	17,243,457
Texas.....	1,263	5,525,730	4,375	3,384	5,262,578	1,555	88	63,240	719	4,735	10,851,548	62,547	84,125,303
Utah.....	143	533,250	3,729	387	589,984	1,506	17	30,400	1,788	547	1,153,634	5,629	9,191,599
Vermont.....	32	186,155	5,817	112	147,815	1,318	0	0	0	144	333,970	1,474	2,926,804
Virginia.....	267	496,985	1,861	504	539,717	1,071	263	152,490	580	1,034	1,189,192	14,543	10,671,599
Washington.....	302	1,536,675	5,088	767	1,467,984	1,913	38	113,425	2,985	1,107	3,118,084	7,207	18,255,488
West Virginia.....	239	627,000	2,623	412	549,348	1,333	42	22,550	537	693	1,198,898	5,821	7,476,516
Wisconsin.....	469	2,102,535	4,483	757	742,156	980	18	15,115	840	1,244	2,859,806	12,948	24,403,180
Wyoming.....	150	831,140	5,541	629	1,263,907	2,008	31	104,840	3,382	810	2,199,887	9,345	18,667,606
Alaska.....	9	46,905	5,212	11	26,500	2,409	0	0	0	20	73,405	124	332,699
Hawaii.....	80	212,980	2,662	95	160,646	1,691	9	8,750	972	184	382,376	919	1,692,362
Puerto Rico.....	311	558,655	1,796	1,326	1,848,400	1,394	68	31,660	466	1,705	2,438,715	29,893	19,698,556
Virgin Islands.....	2	1,300	6,500	26	61,355	2,360	11	2,875	261	39	65,530	441	295,135

1/ Does not include loans from state rural rehabilitation corporation funds.
2/ Subsequent loan amounts include loan costs; the average amounts exclude loan costs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Production and Subsistence Loans to Veterans Only, 1956 Fiscal Year and Cumulative From Inception, November 1, 1946, Through June 30, 1956 1/

State and territory	1956 fiscal year											Cumulative November 1, 1946 through June 30, 1956	
	Adjustment loans						Annual loans			Total loans			
	Initial			Subsequent 2/									
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total	8,244	$31,008,932	$3,761	19,553	$26,786,476	$1,370	974	$1,149,450	$1,180	28,771	$58,944,858	285,399	$444,134,175
Alabama	323	571,310	1,769	762	786,245	1,032	37	18,630	504	1,122	1,376,185	13,792	11,781,229
Arizona	29	143,055	4,933	74	204,730	2,767	34	111,590	3,282	137	459,375	980	2,745,693
Arkansas	294	863,340	2,937	612	819,902	1,340	45	51,990	1,155	951	1,735,232	14,431	16,689,472
California	92	437,050	4,751	302	611,548	2,000	24	88,270	3,678	418	1,136,868	3,400	8,718,794
Colorado	124	610,685	4,925	354	589,507	1,665	7	10,655	1,522	485	1,210,847	5,236	10,463,005
Connecticut	4	24,000	6,000	14	28,665	2,048	0	0	0	18	52,665	146	351,750
Delaware	4	9,450	2,362	7	10,625	1,518	0	0	0	11	20,075	161	214,206
Florida	78	232,935	2,986	355	503,524	1,418	68	146,745	2,158	501	883,204	5,193	6,821,135
Georgia	203	602,430	2,968	704	1,128,835	1,603	28	20,075	717	935	1,751,340	10,853	13,190,655
Idaho	233	1,110,886	4,768	699	1,336,321	1,912	7	22,910	3,273	939	2,470,117	7,079	14,370,423
Illinois	421	1,911,425	4,540	543	780,820	1,438	25	37,335	1,493	989	2,729,580	6,412	14,067,490
Indiana	253	1,201,190	4,748	350	604,645	1,728	4	6,130	1,532	607	1,811,965	4,011	9,340,219
Iowa	483	2,405,555	4,980	482	531,625	1,103	3	4,010	1,337	968	2,941,190	6,346	13,043,019
Kansas	160	726,280	4,539	534	704,725	1,320	4	4,100	1,025	698	1,435,105	6,079	11,010,018
Kentucky	251	422,725	1,684	464	389,415	839	22	9,185	418	737	821,325	8,765	8,334,215
Louisiana	230	663,600	2,885	367	605,139	1,649	2	1,965	982	599	1,270,704	9,085	11,305,019
Maine	76	278,775	3,668	248	483,255	1,949	4	14,625	3,656	328	776,655	2,862	5,542,796
Maryland	45	135,600	3,013	66	71,275	1,080	5	2,975	595	116	209,850	1,333	2,150,231
Massachusetts	6	39,750	6,625	25	47,565	1,903	1	500	500	32	87,815	330	680,515
Michigan	197	837,735	4,252	428	652,065	1,524	28	50,165	1,792	653	1,539,965	5,478	11,469,436
Minnesota	210	999,130	4,758	373	361,705	970	36	31,320	870	619	1,392,155	6,357	13,771,863
Mississippi	475	1,017,165	2,141	1,217	1,157,260	951	63	27,240	432	1,755	2,201,665	15,091	16,241,345
Missouri	288	1,148,350	3,987	1,132	1,201,051	1,060	15	11,095	740	1,435	2,360,496	11,794	18,643,165
Montana	106	561,966	5,302	462	833,040	1,803	25	59,525	2,381	593	1,454,531	5,818	12,479,983
Nebraska	339	1,411,875	4,165	465	469,240	1,009	16	14,160	885	820	1,895,275	4,744	9,707,244
Nevada	10	54,630	5,463	20	49,125	2,456	2	8,000	4,000	32	111,755	292	811,430
New Hampshire	16	95,565	5,973	48	99,870	2,081	0	0	0	64	195,435	522	1,268,601
New Jersey	44	147,300	3,348	92	184,370	2,004	2	6,500	3,250	138	338,170	1,448	2,931,280
New Mexico	74	279,085	3,771	285	523,565	1,837	8	7,270	909	367	809,920	3,602	6,720,209
New York	123	681,840	5,543	343	458,411	1,336	5	14,675	2,935	471	1,154,926	3,885	8,107,369
North Carolina	461	1,142,125	2,477	701	882,440	1,259	79	39,150	496	1,241	2,063,715	15,386	15,282,395
North Dakota	172	811,630	4,719	485	652,705	1,346	1	400	400	658	1,464,735	6,075	10,630,611
Ohio	123	559,760	4,551	165	251,830	1,526	5	3,905	781	293	815,495	3,280	7,569,511
Oklahoma	226	861,790	3,813	1,068	1,108,317	1,038	25	29,570	1,183	1,319	1,999,677	16,637	23,199,006
Oregon	55	274,165	4,985	213	438,737	2,060	15	48,470	3,231	283	761,372	2,746	5,803,163
Pennsylvania	106	560,785	5,290	277	404,150	1,459	7	5,130	733	390	970,065	4,310	8,522,452
Rhode Island	2	10,000	5,000	4	8,400	2,100	2	9,000	4,500	8	27,400	29	67,050
South Carolina	211	378,960	1,796	370	435,861	1,178	124	46,405	374	705	861,226	10,513	7,587,626
South Dakota	243	1,205,535	4,961	714	764,412	1,071	4	5,020	1,255	961	1,974,967	6,048	12,224,552
Tennessee	203	388,925	1,916	455	396,957	872	39	19,735	506	697	805,617	6,725	6,387,656
Texas	489	2,257,170	4,616	1,354	2,210,185	1,632	31	27,220	878	1,874	4,494,575	21,338	35,727,150
Utah	62	223,790	3,610	175	270,322	1,545	6	9,500	1,583	243	503,612	2,748	4,646,391
Vermont	12	73,000	6,083	49	58,425	1,192	0	0	0	61	131,425	569	1,236,049
Virginia	100	214,350	2,144	199	221,755	1,114	68	39,530	581	367	475,635	3,766	4,085,644
Washington	126	608,035	4,826	403	824,556	2,046	13	36,385	2,799	542	1,468,976	3,638	9,677,277
West Virginia	94	263,745	2,806	177	233,173	1,317	13	12,035	926	284	508,953	2,345	3,321,917
Wisconsin	211	953,300	4,518	366	372,043	1,016	8	3,530	441	585	1,328,873	5,956	12,078,382
Wyoming	72	392,850	5,456	318	621,490	1,954	9	28,925	3,214	399	1,043,265	4,585	9,585,104
Alaska	3	19,100	6,367	7	14,500	2,071	0	0	0	10	33,600	77	211,620
Hawaii	28	84,600	3,021	41	75,210	1,834	3	3,200	1,067	72	163,010	382	690,490
Puerto Rico	54	100,635	1,864	182	304,685	1,674	1	400	400	237	405,720	2,685	2,583,785
Virgin Islands	0	0	0	3	8,255	2,752	1	300	300	4	8,555	36	44,535

1/ Does not include loans from state rural rehabilitation corporation funds.
2/ Subsequent loan amounts include loan costs; the average amounts exclude loan costs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Production and Subsistence Loans, Maturities and Collections
Cumulative Through June 30, 1956 1/

State and territory	Cumulative loan obligations	Cumulative advances	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total	$1,013,915,357	$1,013,854,541	$744,537,576	$691,378,430	$68,535,812	$759,914,242	$4,438,649	$716,835	$317,320,627	92.9%
Alabama	32,712,995	32,443,931	26,740,522	25,355,915	1,610,673	26,966,588	211,813	36,357	6,839,846	94.8
Arizona	5,568,126	5,787,794	4,424,899	3,954,970	302,623	4,257,593	37,611	8	1,795,205	89.4
Arkansas	40,054,017	39,036,417	30,767,263	28,592,233	2,470,370	31,062,603	259,334	21,908	10,162,942	92.9
California	18,068,124	19,677,735	14,990,932	13,706,985	1,404,124	15,111,109	198,371	9	5,772,370	91.4
Colorado	23,786,463	23,568,656	18,044,121	15,430,273	1,576,273	17,006,546	44,591	35,873	8,057,919	85.5
Connecticut	968,207	1,054,604	746,265	733,176	76,306	809,482	8,852	4,346	308,230	98.2
Delaware	548,501	565,097	426,140	350,362	51,551	401,913	524	1,242	212,969	82.2
Florida	14,078,944	14,398,376	11,789,912	10,308,995	827,006	11,136,001	208,961	45,499	3,834,921	87.4
Georgia	39,035,427	38,963,941	32,073,601	29,488,112	1,897,829	31,385,941	463,233	57,830	8,954,766	91.9
Idaho	26,698,209	26,718,326	17,876,747	16,916,577	1,861,180	18,777,757	28,567	11,803	9,761,379	94.6
Illinois	25,833,334	26,275,130	16,179,298	15,509,500	1,861,055	17,370,555	62,569	7,893	10,695,168	95.9
Indiana	17,752,575	18,012,871	11,341,759	10,929,409	1,268,482	12,197,891	47,655	13,817	7,021,990	96.4
Iowa	24,175,435	24,423,827	14,720,864	14,480,879	1,731,909	16,212,788	33,412	4,956	9,904,580	98.4
Kansas	21,773,709	21,991,662	14,710,446	13,429,293	1,685,968	15,115,261	71,092	7,377	8,483,900	91.3
Kentucky	19,199,374	18,952,184	14,342,214	13,450,402	1,486,106	14,936,508	44,072	2,256	5,455,454	93.8
Louisiana	32,538,969	32,419,048	26,194,592	24,920,543	1,682,286	26,602,829	141,775	43,524	7,313,206	95.1
Maine	14,252,862	14,175,944	10,738,002	10,320,819	872,998	11,193,817	35,519	0	3,819,606	96.1
Maryland	6,602,149	6,651,693	4,527,672	4,053,389	613,236	4,666,625	11,722	2,146	2,584,436	89.5
Massachusetts	1,403,730	1,423,757	1,046,762	990,269	100,672	1,090,941	11,070	1,650	420,768	94.6
Michigan	23,367,289	23,577,167	14,532,997	13,704,698	2,150,533	15,855,231	98,711	11,837	9,761,921	94.3
Minnesota	25,260,845	25,281,960	17,612,990	17,037,520	2,215,152	19,252,672	37,404	15,390	8,191,646	96.7
Mississippi	40,822,076	40,504,209	30,629,234	28,432,457	2,364,691	30,797,148	365,154	14,502	11,692,096	92.8
Missouri	34,460,458	34,254,945	25,280,808	23,562,064	2,454,826	26,016,890	79,591	6,976	10,606,314	93.2
Montana	25,720,842	25,670,368	19,167,545	17,881,557	1,912,860	19,794,417	20,813	15,317	7,752,681	93.3
Nebraska	17,582,031	17,574,523	11,034,095	10,590,937	1,205,924	11,796,861	26,303	11,641	6,945,642	96.0
Nevada	1,648,669	1,679,871	1,240,427	1,152,808	149,749	1,302,557	12,118	902	514,043	92.9
New Hampshire	2,610,673	2,596,175	1,651,770	1,566,753	229,055	1,795,808	14,259	7,215	1,007,948	94.9
New Jersey	7,362,121	7,372,727	5,422,446	4,800,739	542,521	5,343,260	35,102	28,945	2,507,941	88.5
New Mexico	14,931,637	14,570,610	11,107,625	9,195,094	933,497	10,128,591	59,550	9,983	5,305,983	82.8
New York	20,175,633	20,211,894	12,165,440	11,221,476	1,766,187	12,987,663	108,571	13,725	8,868,122	92.2
North Carolina	50,730,054	50,660,957	41,510,799	39,923,494	2,373,961	42,297,455	232,697	26,477	10,478,289	96.2
North Dakota	21,383,497	21,067,664	12,169,341	11,364,593	1,530,381	12,894,974	20,205	46,342	9,636,524	93.4
Ohio	14,267,298	14,526,021	10,278,215	9,821,144	1,263,973	11,085,117	57,625	21,169	4,626,083	95.6
Oklahoma	50,150,209	49,134,325	37,440,120	34,727,396	3,913,264	38,640,660	91,532	6,262	14,309,135	92.8
Oregon	11,982,360	12,073,306	9,270,137	8,717,967	837,103	9,555,070	26,229	7,141	3,321,969	94.0
Pennsylvania	17,988,937	17,931,281	11,434,562	10,703,876	1,662,779	12,366,655	38,311	70,071	7,119,023	93.6
Rhode Island	258,395	262,605	165,600	166,128	19,325	185,453	895	0	95,582	100.3
South Carolina	32,349,137	32,306,961	28,132,324	26,180,518	1,325,350	27,505,868	411,318	35,401	5,679,724	93.1
South Dakota	20,831,742	20,665,717	12,427,319	11,108,615	1,611,194	12,719,809	19,539	5,411	9,532,152	89.4
Tennessee	17,243,457	17,343,229	13,073,845	12,181,781	1,139,566	13,321,347	62,488	1,611	5,097,349	93.2
Texas	84,125,303	84,785,657	66,527,136	57,460,212	5,256,447	62,716,659	462,269	24,706	26,838,470	86.4
Utah	9,191,599	9,203,883	6,548,570	6,180,328	769,042	6,949,370	14,833	2,943	3,005,779	94.4
Vermont	2,926,804	2,877,254	1,856,982	1,911,551	283,093	2,194,644	22,799	0	942,904	102.9
Virginia	10,671,599	10,693,025	8,382,729	7,760,422	694,142	8,454,564	29,648	7,415	2,895,540	92.6
Washington	18,255,488	18,541,248	12,486,644	11,448,455	1,290,040	12,738,495	20,429	7,793	7,064,571	91.7
West Virginia	7,476,516	7,336,802	4,236,843	3,966,716	566,902	4,533,618	4,577	5,105	3,360,404	93.6
Wisconsin	24,403,180	24,248,088	15,922,643	15,644,882	2,198,865	17,843,747	24,138	5,378	8,573,690	98.3
Wyoming	18,667,606	18,313,494	14,166,218	12,754,891	1,312,898	14,067,789	21,717	5,783	5,531,103	90.0
Alaska	332,699	379,717	245,813	206,894	36,450	243,344	0	0	172,823	84.2
Hawaii	1,692,362	1,679,753	1,109,840	1,030,019	132,814	1,162,833	9,066	0	640,668	92.8
Puerto Rico	19,698,556	19,692,977	15,458,771	15,860,313	994,149	16,854,462	89,451	2,900	3,740,313	102.6
Virgin Islands	295,135	295,135	165,737	190,031	18,432	208,463	564	0	104,540	114.7

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.

Soil and Water Conservation Loans

1. Loans: During the 1956 fiscal year, a total of $11,500,000 was available for direct soil and water conservation loans. In addition, an insured loan authorization of $25,000,000 was available. During the year, the Farmers Home Administration was able to secure commitments from private lenders for insured loans so that only $1,321,089 was obligated from the direct loan authorization. A part of this total was used for loans to associations which, because of local laws, could not be made from insured loan funds. Insured soil and water conservation loans during the year totaled $10,589,252.

   Soil and water conservation loans continued to be made primarily for irrigation and domestic water purposes. The amount of loan funds used strictly for soil conservation purposes was relatively small.

   About 77 percent of the total amount loaned to individuals was used for irrigation facilities, 5 percent for domestic water supplies, 14 percent for soil conservation practices and 4 percent for drainage. Of the total amount loaned to associations, 75 percent was used for domestic water supplies, 17 percent for irrigation and about 8 percent for soil and water conservation practices and machinery and repair not classified as part of the development. Individuals receiving loans plan to irrigate about 145,000 acres and improve about 42,000 acres of pasture land.

   A substantial portion of the total direct and insured loans was made in the Eastern, Southern and Midwestern States which were not covered by the program prior to its extension under Public Law 597, approved August 17, 1954. The total amount of direct and insured loans for the fiscal year 1956 in the 17 Western arid and semi-arid States was $7,502,265. Loans in all other states and territories which were not previously covered by the program, totaled $4,408,076.

2. Applications: During 1956, 5,310 applications from individuals and 96 applications from associations were received. On June 30, 1956 there were 1,512 applications from individuals and 93 applications from associations on hand. These application figures are much smaller than in 1955 when 10,987 applications from individuals and 138 applications from associations were received. The reduced number of applications undoubtedly is attributable to the fact that some sections of the country where irrigation loan applications might have been heavy received rainfall, thus reducing the apparent need for irrigation facilities. The continued drought in some parts of the country and the general lack of moisture in others may create renewed interest in the program during 1957.

3. Number and Amount of Loans: During the latter part of fiscal year 1956, the amount of insured loan commitments from private lenders decreased considerably. During that year, however, the situation did not require the use of direct loan funds because of this shortage, except in some instances involving small loans which were unattractive

to private lenders because of the relatively large amount of bookkeeping required in relation to the amount of the individual investment. The shortage of insured loan funds continued into the earlier months of fiscal year 1957 and it has been necessary to make some loans from direct loan funds because of the lack of insured loan funds. If this situation continues, the direct loan funds will be fully utilized during the current fiscal year.

The following table shows the number and amount of soil and water conservation loans made in fiscal year 1955, from September 17, 1954, in fiscal year 1956 and estimated for fiscal year 1957, broken down between direct and insured loans. The numbers and amounts of direct loans for fiscal year 1955 include 520 initial and subsequent loans for $2,608,589 of water facilities loans made prior to September 17, 1952.

Soil and Water Conservation Loans

	Loans to individuals		Loans to groups		
Fiscal Year	Initial	Supplemental	Initial	Supplemental	Total
1955 (Actual)					
Direct					
Number	660	48	28	12	748
Amount	$ 2,459,425	$102,308	$1,319,710	$161,300	$ 4,042,743
Insured					
Number	2,803	96	14	0	2,913
Amount	14,570,390	375,276	298,650	0	15,244,316
1956 (Actual)					
Direct					
Number	339	44	8	0	391
Amount	676,267	78,522	566,300	0	1,321,089
Insured					
Number	1,790	114	25	1	1,930
Amount	9,557,057	373,600	651,845	6,750	10,589,252
1957 (Estimated)					
Direct					
Number	800	100	20	20	940
Amount	3,600,000	200,000	1,600,000	100,000	5,500,000
Insured					
Number	1,180	150	15	5	1,350
Amount	6,360,000	480,000	600,000	60,000	7,500,000

See Tables I and II for distribution by states.

4. Repayments on Loans: The following table shows the status of principal and interest payments on water facilities loans made prior to September 17, 1954:

Water Facilities Loans

Loan Advances	Matured Principal	Principal Repayments	Interest Payments	Ratio of Principal Repayments to Matured Principal
$37,173,178	$19,482,950	$19,376,099	$3,171,053	99.5%

See Table III for distribution by states.

Soil and Water Conservation Loans

The following is the status of direct and insured soil and water conservation loans made to individuals between September 17, 1954 and January 1, 1956. All of these loans have a January 1 annual maturity date. As of January 1, 1956, 3,804 direct and insured loans for $18,473,095 had been made. On the same date, 101 borrowers had paid in full their principal indebtedness of $436,000, and had made interest payments of $8,300, including insured loan charges. Of the 3,703 borrowers receiving loans of $18,037,095 who still owe balances, 649 were ahead of their scheduled payments, 486 were behind their scheduled payments, and 2,568 were on schedule. Total principal and interest scheduled installments through January 1, 1956 for all borrowers with unpaid balances totaled $1,503,209. Against this amount borrowers had paid $1,409,004 as regular payments on their installments. This represents 93.7 percent of the total principal and interest installments due. In addition, the same borrowers had paid $431,864 in refunds and extra payments, representing payments derived from the sale of land or from some other source which were not credited to the regular installments.

As of January 1, 1956, 38 associations had been advanced $1,438,900 in direct and insured loans. One association borrowing $1,950 had paid in full. Of the balance of 37 associations borrowing $1,436,950, only $28,053 in principal and interest installments had fallen due as of January 1, 1956. Total principal and interest payments against these installments were $32,389.

It was necessary to advance to lenders holding insured loans a total of $182,532 immediately after January 1, 1956, in order to cover the balance of principal and interest installments not paid by borrowers.

See Tables IV and V for distribution by states.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Direct Loans, 1956 Fiscal Year and Cumulative From Inception, September 17, 1954 Through June 30, 1956

State and territory	1956 fiscal year									Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1956
	Loans to individuals					Loans to groups			Total amount to individuals and groups	
	Initial			Subsequent		Initial				
	Number	Amount	Average amount	Number	Amount including loan costs	Number	Amount	Average amount		
	1	2	3	4	5	6	7	8	9	10
U. S. Total	339	$676,267	$1,995	44	$78,522	8	$566,300	$70,788	$1,321,089	$2,755,243
Alabama	0	0	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	2	0	0	0	2	10,002
Arkansas	0	0	0	0	5	0	0	0	5	5
California	7	11,990	1,713	0	67	0	0	0	12,057	12,074
Colorado	1	5,525	5,525	0	7,887	0	0	0	13,412	125,873
Connecticut	0	0	0	0	0	0	0	0	0	0
Delaware	0	0	0	0	0	0	0	0	0	0
Florida	31	53,925	1,740	4	2,680	0	0	0	56,605	56,605
Georgia	13	27,195	2,092	0	0	0	0	0	27,195	27,195
Idaho	15	28,010	1,867	5	4,713	1	1,000	1,000	33,723	74,723
Illinois	17	29,027	1,707	0	0	0	0	0	29,027	29,027
Indiana	0	0	0	0	0	0	0	0	0	0
Iowa	0	0	0	0	0	0	0	0	0	0
Kansas	0	0	0	0	2	0	0	0	2	3
Kentucky	1	1,250	1,250	0	0	2	492,100	246,050	493,350	493,350
Louisiana	0	0	0	0	0	0	0	0	0	0
Maine	9	10,085	1,121	0	0	0	0	0	10,085	10,085
Maryland	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0	0	0	0	0
Michigan	0	0	0	0	0	0	0	0	0	0
Minnesota	1	1,000	1,000	0	0	0	0	0	1,000	1,000
Mississippi	17	13,445	791	0	0	0	0	0	13,445	13,445
Missouri	22	30,475	1,385	0	0	0	0	0	30,475	32,725
Montana	1	1,500	1,500	6	6,320	0	0	0	7,820	372,823
Nebraska	6	9,625	1,604	7	14,150	0	0	0	23,775	23,775
Nevada	0	0	0	0	0	0	0	0	0	10,000
New Hampshire	0	0	0	0	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	9,346	0	0	0	9,346	9,349
New York	0	0	0	0	0	0	0	0	0	0
North Carolina	9	18,670	2,074	0	0	0	0	0	18,670	18,670
North Dakota	9	11,335	1,259	1	1,175	0	0	0	12,510	12,510
Ohio	0	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	0	0	32	0	0	0	32	32
Oregon	25	46,445	1,858	3	4,838	1	3,000	3,000	54,283	135,176
Pennsylvania	10	16,205	1,620	0	60	0	0	0	16,265	16,265
Rhode Island	0	0	0	0	0	0	0	0	0	0
South Carolina	24	31,165	1,299	2	675	0	0	0	31,840	31,840
South Dakota	8	12,455	1,557	0	410	0	0	0	12,865	18,565
Tennessee	0	0	0	0	0	0	0	0	0	0
Texas	0	0	0	0	0	0	0	0	0	3,022
Utah	14	39,790	2,842	5	9,590	2	30,000	15,000	79,380	339,399
Vermont	0	0	0	0	0	0	0	0	0	0
Virginia	0	0	0	0	0	0	0	0	0	0
Washington	17	46,255	2,721	6	10,523	2	40,200	20,100	96,978	136,192
West Virginia	20	15,510	776	3	2,730	0	0	0	18,240	18,240
Wisconsin	0	0	0	0	0	0	0	0	0	0
Wyoming	8	18,740	2,342	0	117	0	0	0	18,857	96,868
Alaska	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0
Puerto Rico	53	191,645	3,616	2	3,200	0	0	0	194,845	616,405
Virgin Islands	1	5,000	5,000	0	0	0	0	0	5,000	10,000

Note: Loan costs representing such things as recoverable advances for taxes and insurance, the occasional purchase of a first mortgage, recording fees, etc., are included in the amounts for subsequent loans and in the cumulative total column. Wherever an amount appears where there are no numbers of loans, the entire amount is for loan costs. Some of the loan costs are in connection with Water Facilities loans made in prior years.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Insured Loans, 1956 Fiscal Year and Cumulative From Inception, September 17, 1954 Through June 30, 1956

State and territory	1956 fiscal year										Total amount to individuals and groups	Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1956
	Loans to individuals					Loans to groups						
	Initial			Subsequent		Initial			Subsequent			
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	1,790	$9,557,057	$5,339	114	$373,600	25	$651,845	$26,074	1	$6,750	$10,589,252	$25,833,568
Alabama	19	98,790	5,199	0	0	0	0	0	0	0	98,790	278,400
Arizona	37	519,100	14,030	6	14,800	0	0	0	0	0	533,900	1,083,540
Arkansas	82	281,790	3,436	4	6,390	2	2,200	1,100	0	0	290,380	1,570,410
California	95	657,430	6,920	8	27,845	2	58,000	29,000	0	0	743,275	1,216,856
Colorado	39	233,160	5,978	3	10,200	2	21,000	10,500	0	0	264,360	528,560
Connecticut	0	0	0	0	0	0	0	0	0	0	0	4,900
Delaware	1	9,600	9,600	0	0	0	0	0	0	0	9,600	18,790
Florida	110	734,160	6,674	2	3,500	0	0	0	0	0	737,660	1,352,114
Georgia	51	159,105	3,120	8	11,550	0	0	0	0	0	170,655	993,265
Idaho	33	273,170	8,278	4	20,100	1	8,615	8,615	0	0	301,885	660,760
Illinois	23	70,590	3,069	0	0	0	0	0	0	0	70,590	160,380
Indiana	12	34,940	2,912	0	0	0	0	0	0	0	34,940	98,475
Iowa	31	121,580	3,922	0	0	0	0	0	0	0	121,580	223,575
Kansas	98	837,851	8,550	17	44,605	0	0	0	0	0	882,456	1,911,888
Kentucky	16	31,675	1,980	0	0	0	0	0	0	0	31,675	64,980
Louisiana	46	165,300	3,593	1	6,300	1	30,000	30,000	0	0	201,600	500,925
Maine	4	5,300	1,325	0	0	0	0	0	0	0	5,300	9,700
Maryland	8	23,450	2,931	0	0	0	0	0	0	0	23,450	80,785
Massachusetts	9	15,565	1,729	0	0	0	0	0	0	0	15,565	30,465
Michigan	62	328,935	5,305	2	4,850	0	0	0	0	0	333,785	512,440
Minnesota	20	77,150	3,858	0	0	1	12,000	12,000	0	0	89,150	101,050
Mississippi	88	315,570	3,586	1	6,130	0	0	0	0	0	321,700	1,081,660
Missouri	56	158,020	2,822	1	1,700	0	0	0	0	0	159,720	486,380
Montana	16	62,110	3,882	3	18,500	1	225,000	225,000	0	0	305,610	413,400
Nebraska	192	1,173,240	6,111	6	11,300	0	0	0	0	0	1,184,540	1,894,968
Nevada	3	33,030	11,010	0	0	0	0	0	0	0	33,030	171,905
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	27	121,340	4,494	0	0	0	0	0	0	0	121,340	197,565
New Mexico	53	351,875	6,639	10	37,445	1	13,000	13,000	0	0	402,320	1,246,095
New York	15	51,445	3,430	0	0	0	0	0	0	0	51,445	110,255
North Carolina	34	123,415	3,630	1	1,815	0	0	0	0	0	125,230	718,755
North Dakota	5	11,770	2,354	0	0	3	37,940	12,647	0	0	49,710	67,515
Ohio	8	27,990	3,499	0	0	0	0	0	0	0	27,990	80,270
Oklahoma	40	204,861	5,122	8	29,895	0	0	0	0	0	234,756	1,671,266
Oregon	50	211,495	4,230	5	12,450	0	0	0	0	0	223,945	333,830
Pennsylvania	10	21,985	2,198	1	700	0	0	0	0	0	22,685	41,300
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	34	108,304	3,185	1	850	0	0	0	0	0	109,154	719,785
South Dakota	9	41,490	4,610	0	0	0	0	0	0	0	41,490	52,805
Tennessee	33	82,610	2,503	0	0	0	0	0	0	0	82,610	189,710
Texas	193	1,225,736	6,351	10	59,515	0	0	0	0	0	1,285,251	3,403,531
Utah	36	151,900	4,219	6	18,620	5	65,090	13,018	0	0	235,610	366,675
Vermont	0	0	0	0	0	0	0	0	0	0	0	3,500
Virginia	13	44,900	3,454	0	0	0	0	0	0	0	44,900	176,685
Washington	21	117,310	5,586	3	12,450	4	121,000	30,250	1	6,750	257,510	469,635
West Virginia	8	47,085	5,886	0	0	0	0	0	0	0	47,085	76,715
Wisconsin	20	50,505	2,525	1	695	0	0	0	0	0	51,200	100,250
Wyoming	15	80,180	5,345	1	9,395	2	58,000	29,000	0	0	147,575	269,625
Alaska	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	3	11,850	3,950	0	0	0	0	0	0	0	11,850	36,830
Puerto Rico	12	48,400	4,033	1	2,000	0	0	0	0	0	50,400	50,400
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Water Facilities Loans to Individuals and Groups, Made From 1938 Through September 17, 1954 and Maturities and Collections Through June 30, 1956

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal	Collections			Principal		Outstanding principal balance of loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	$37,096,465	$37,173,178	$19,482,950	$19,376,099	$3,171,053	$22,547,152	$20,618	$5,980	$17,770,481	99.5%
Arizona.....	2,126,756	2,124,360	779,454	773,897	170,831	944,728	45	506	1,349,912	99.3
Arkansas.....	1,400	2,385	640	340	150	490	0	0	2,045	53.1
California.....	2,941,748	2,953,405	1,585,500	1,618,125	260,293	1,878,418	300	0	1,334,980	101.1
Colorado.....	2,725,161	2,731,972	1,304,943	1,250,478	233,398	1,483,876	1,085	1,305	1,479,104	95.8
Idaho.....	2,826,630	2,837,728	1,503,865	1,505,882	295,060	1,800,942	131	0	1,331,715	100.1
Kansas.....	1,261,267	1,264,669	659,058	633,585	91,751	725,336	1,285	0	629,799	96.1
Missouri.....	52,975	56,725	12,118	14,160	1,969	16,129	0	0	42,565	116.8
Montana.....	2,323,721	2,332,474	1,204,465	1,167,078	209,589	1,376,667	0	0	1,165,396	96.9
Nebraska.....	2,193,825	2,198,584	1,203,388	1,191,735	145,328	1,337,063	263	0	1,006,586	99.0
Nevada.....	543,960	547,386	174,080	169,117	53,398	222,515	13,106	0	365,163	97.1
New Mexico.....	1,932,038	1,938,232	1,043,081	1,011,792	144,257	1,156,049	0	0	926,440	97.0
New York.....	4,000	4,675	950	1,464	241	1,705	0	0	3,211	154.1
North Dakota.....	471,785	471,270	311,413	300,372	31,625	331,997	47	300	170,551	96.5
Oklahoma.....	2,542,556	2,539,313	1,422,307	1,425,663	181,305	1,606,968	639	0	1,113,011	100.2
Oregon.....	1,997,007	1,990,117	1,082,932	1,087,234	176,934	1,264,168	352	400	902,131	100.4
South Dakota.....	534,778	533,146	325,933	299,330	40,387	339,717	62	295	233,459	91.8
Texas.....	4,258,951	4,275,010	3,233,071	3,219,010	335,314	3,554,324	2,163	993	1,052,844	99.6
Utah.....	2,772,646	2,790,608	1,043,321	1,098,902	307,742	1,406,644	612	240	1,690,854	105.3
Washington.....	4,211,887	4,214,762	1,676,831	1,705,376	353,462	2,058,838	68	1,148	2,508,170	101.7
Wyoming.....	1,373,374	1,366,357	915,600	902,559	138,019	1,040,578	460	793	462,545	98.6

1/ Amounts refected are cumulative obligations from inception of the program, including $3,035,258 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Soil and Water Conservation: Direct and Insured Loans to Individuals - Number of Borrowers, Amount Loaned, and Payments, Cumulative From September 17, 1954 Through January 31, 1956

State and territory	Total number of borrowers	Total amount loaned or insured	Borrowers paid in full				Borrowers with unpaid balance as of January 31, 1956					
			Number	Payments			Number	Scheduled installments (principal and interest)	Payments (principal and interest)			
				Total	Principal	Interest and insurance charges			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	3,804	$18,473,095	101	$444,300	$436,000	$8,300	3,703	$1,503,209	$1,840,868	$1,409,004	94	$431,864
Alabama	57	264,925	0	0	0	0	57	24,160	29,833	25,336	105	4,497
Arizona	63	742,290	0	0	0	0	63	48,968	47,247	45,795	94	1,452
Arkansas	312	1,367,040	5	22,664	22,100	564	307	153,560	183,062	160,565	105	22,497
California	119	588,556	3	8,078	7,890	188	116	24,068	34,117	26,783	111	7,334
Colorado	70	323,950	6	25,929	25,350	579	64	23,010	20,428	18,430	80	1,998
Connecticut	1	4,900	0	0	0	0	1	367	367	367	100	0
Delaware	2	9,190	0	0	0	0	2	848	625	625	74	0
Florida	136	844,944	1	1,141	1,100	41	135	87,127	88,701	87,403	100	1,298
Georgia	195	885,995	5	14,325	14,050	275	190	80,756	87,130	78,876	98	8,254
Idaho	77	392,710	0	0	0	0	77	26,091	29,747	19,957	76	9,790
Illinois	45	119,955	1	1,595	1,550	45	44	8,943	8,625	8,625	96	0
Indiana	22	72,560	0	0	0	0	22	6,148	7,624	6,335	103	1,289
Iowa	56	198,095	1	4,884	4,750	134	55	9,905	12,241	10,138	102	2,103
Kansas	165	1,279,867	5	37,476	37,035	441	160	78,853	92,983	74,645	95	18,338
Kentucky	21	47,070	0	0	0	0	21	3,346	2,722	2,722	81	0
Louisiana	70	345,840	3	15,839	15,460	379	67	32,397	29,698	27,012	83	2,686
Maine	7	10,900	0	0	0	0	7	1,122	612	612	55	0
Maryland	14	69,385	0	0	0	0	14	7,455	6,437	6,344	85	93
Massachusetts	2	15,800	0	0	0	0	2	1,156	1,156	1,156	100	0
Michigan	65	290,435	0	0	0	0	65	19,630	30,574	28,084	143	2,490
Minnesota	19	51,050	1	1,585	1,550	35	18	2,309	1,895	1,895	82	0
Mississippi	185	884,455	5	13,910	13,655	255	180	102,535	105,565	95,744	93	9,821
Missouri	150	388,695	6	10,555	10,280	275	144	33,566	35,492	28,021	83	7,471
Montana	34	134,735	0	0	0	0	34	10,659	14,237	14,149	133	88
Nebraska	155	892,988	3	14,458	14,140	318	152	78,869	82,184	74,952	95	7,232
Nevada	10	51,405	0	0	0	0	10	2,404	3,955	2,427	101	1,528
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	30	133,075	0	0	0	0	30	18,076	16,906	16,906	94	0
New Mexico	151	961,965	6	31,205	30,585	620	145	92,225	114,178	77,260	84	36,918
New York	29	91,385	0	0	0	0	29	10,505	10,234	10,043	96	191
North Carolina	187	659,995	3	9,695	9,475	220	184	80,694	82,776	75,586	94	7,190
North Dakota	15	22,670	1	2,881	2,785	96	14	1,935	2,257	1,618	84	639
Ohio	20	80,270	0	0	0	0	20	5,886	9,716	8,490	144	1,226
Oklahoma	228	1,555,195	7	59,729	58,735	994	221	157,976	250,014	165,333	105	84,681
Oregon	66	196,190	1	933	900	33	65	9,515	11,868	11,059	116	809
Pennsylvania	16	28,565	0	0	0	0	16	2,308	2,435	2,426	105	9
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	196	670,150	4	11,966	11,720	246	192	79,489	83,937	78,753	99	5,184
South Dakota	9	24,705	0	0	0	0	9	2,655	1,662	1,254	47	408
Tennessee	57	156,760	1	1,758	1,700	58	56	16,069	16,008	15,535	97	473
Texas	314	2,375,165	18	125,208	123,090	2,118	296	38,369	186,562	15,132	39	171,430
Utah	48	121,905	0	0	0	0	48	8,682	9,681	9,381	108	300
Vermont	1	3,500	0	0	0	0	1	100	100	100	100	0
Virginia	27	149,350	0	0	0	0	27	17,692	13,798	12,994	73	804
Washington	36	165,215	1	612	600	12	35	7,430	7,505	7,268	98	237
West Virginia	29	67,535	1	904	900	4	28	7,085	7,442	7,274	103	168
Wisconsin	34	56,855	0	0	0	0	34	5,422	7,880	7,388	136	492
Wyoming	24	101,125	0	0	0	0	24	8,986	6,566	6,287	70	279
Alaska	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	1	24,980	0	0	0	0	1	4,237	4,237	4,237	100	0
Puerto Rico	231	543,805	13	26,970	26,600	370	218	59,530	37,459	27,625	46	9,834
Virgin Islands	3	5,000	0	0	0	0	3	91	390	57	63	333

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Soil and Water Conservation: Direct and Insured Loans to Groups - Number of Groups, Amount Loaned, and Payments, Cumulative From September 17, 1954 Through January 31, 1956

State and territory	Total number of groups	Total amount loaned or insured	Group paid in full				Groups with unpaid balance as of January 31, 1956					
			Number	Payments			Number	Scheduled installments (principal and interest)	Payments (principal and interest)			Extra payments and refunds
				Total	Principal	Interest and insurance charges			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total.....	38	$1,438,900	1	$2,020	$1,950	$70	37	$28,053	$32,389	$32,251	115	$138
Arizona.....	1	10,000	0	0	0	0	1	0	0	0	0	0
Arkansas.....	4	5,150	1	2,020	1,950	70	3	261	661	661	253	0
Colorado.....	4	88,500	0	0	0	0	4	2,322	3,209	3,209	138	0
Idaho.....	5	82,550	0	0	0	0	5	5,839	6,447	6,309	108	138
Minnesota.....	1	12,000	0	0	0	0	1	151	151	151	100	0
Montana.....	2	365,000	0	0	0	0	2	0	0	0	0	0
Nevada.....	2	100,000	0	0	0	0	2	7,883	7,883	7,883	100	0
Oregon.....	3	80,850	0	0	0	0	3	898	898	898	100	0
Utah.....	4	309,000	0	0	0	0	4	645	705	705	109	0
Washington.....	7	223,400	0	0	0	0	7	3,752	3,565	3,565	95	0
Wyoming.....	5	162,450	0	0	0	0	5	6,302	8,870	8,870	141	0

(c) Disaster Loans, etc., Revolving Fund, Department of Agriculture

STATUS OF PROGRAM

Establishment of Fund -- Public Law 38, approved April 6, 1949 abolished the Regional Agricultural Credit Corporation and established the Disaster Loan Revolving Fund under the Secretary of Agriculture from the assets of the Corporation so abolished. The assets amounted to $45,494,334.

Public Law 202, approved October 24, 1951, appropriated $30,000,000 for this fund. Public Law 175, 83d Congress, approved July 31, 1953 appropriated $130,000,000 as an addition to this fund. Of this amount, $40,000,000 was specified for the furnishing of feed in disaster areas and was later increased (Public Law 357, approved May 11, 1954) to $50,000,000 with provision for furnishing emergency feed and seed assistance by means of advances to States or agencies thereof or otherwise.

This fund and other authorities available to the Department are being used to finance programs for emergency assistance to farmers. The specific programs are as follows:

1. Emergency loan programs (Disaster Loan Revolving Fund):

(a) Production emergency loans (including loans in the Great Plains Area) -- Pursuant to Public Law 38, loans are made to eligible farmers and stockmen in designated areas at 3 percent interest who have suffered damage as the result of floods, storms, freezes, droughts, or similar disasters and who are unable to obtain needed credit from banks or other established sources to enable them to continue their operations. Public Law 38 also authorized loans to bona-fide fur farmers, which authority expired June 30, 1953 except for further supplementary advances to farmers presently indebted as authorized by Public Law 255, approved August 13, 1953. Public Law 655, 81st Congress, provided for loans to orchardists in the State of Washington which authority expired August 5, 1953.

(b) Economic emergency loans -- Public Law 115, 83d Congress, approved July 14, 1953, authorized loans (which are made at 3 percent interest) in any disaster area declared by the President under Public Law 875, (42 USC 1855) if the Secretary finds that an economic disaster has also caused a need for agricultural credit that cannot be met temporarily by regularly established lending institutions, including the regular programs of the Farmers Home Administration.

(c) Special livestock loans -- Public Law 115 also authorizes loans at 5 percent interest to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing. This authority was originally for two years subsequent to July 14, 1953 but was extended through 1957 for initial loans and through 1959 for subsequent loans by Public Law 166, approved July 15, 1955.

(d) Special emergency loans -- Public Law 727, approved August 31, 1954, authorized the Secretary until June 30, 1955, to make special emergency loans up to a total of $15,000,000 in any area where he found a need for credit which could not be met by regular financial institutions, the Farmers Home Administration under its regular loan programs, or through authorities contained in Public Law 38. Such loans are made at 3 percent interest. Activity under this program was extended through the 1956 and 1957 fiscal years by Public Law 117, approved June 30, 1955. The program was again extended by Public Law 878 approved August 1, 1956 through the fiscal year 1959 and the limitation increased to $65,000,000.

Cumulative Activity Under the Various Loan Authorizations to June 30, 1956:

Principal Advances	Principal Maturities	Principal Repayments	Principal Outstanding	Interest Payments	Percent Principal Repayments to Maturities
		Production Emergency Loans			
$221,014,951	$183,053,865	$166,458,017	$54,161,885	$5,171,010	90.9%
		Economic Emergency Loans			
$88,993,876	$65,463,565	$58,173,556	$30,795,782	$1,779,271	88.9%
		Special Emergency Loans			
$14,934,898	$1,581,554	$1,597,936	$13,336,962	$35,643	101.0%
		Fur Loans			
$5,494,990	$5,429,105	$5,090,187	$404,803	$261,474	93.7%
		Orchard Loans			
$267,130	$267,130	$264,240	$2,890	$5,957	98.9%
		Special Livestock Loans			
$67,379,575	$47,115,321	$40,518,540	$26,820,816	$2,495,759	86.0%

Since inception of the various loan programs, principal write-offs to June 30, 1956, totaled $93,389. A total of $366,418 has been reduced to judgment. In addition to the programs listed above, the Farmers Home Administration is servicing the loans receivable of the Regional Agricultural Credit Corporation outstanding at the time this Corporation was abolished. A total of $2,106,448 in principal and interest has been collected on these loans to June 30, 1956, principal write-offs totaled $729,383, and $36,343 principal has been reduced to judgment.

Except for the Regional Agricultural Credit Corporation loans, there has been no general authority to write off uncollectible balances of loans made under authorities contained in Public Law 38, except some write-offs that are

permissible under bankruptcy laws and other specific legislation. Public Law 878, approved August 1, 1956, amending the Bankhead-Jones Farm Tenant Act, extends the cancellation, compromise and adjustment authority previously available under that Act, and broadens the authorities to include loans made under Public Law 38. It is expected that there will be considerable use of the new write-off authority in connection with emergency and special livestock loans.

1956 Loan Program: During the 1956 fiscal year a total of $87,043,993 was obligated for production and economic emergency, special emergency, special livestock and fur loans. The heaviest activity in the production emergency program continued to be in the Southwest and middle Great Plains States, where effects of longtime drought continued to create a heavy demand for loans. The special loan program of emergency loans in the Great Plains Area totaled $12,261,013, and initial loans were made to 2,795 borrowers. These borrowers all operated under long-term and annual farm and home plans worked out with Farmers Home Administration county supervisors. In addition, a large volume of production emergency loans was made in the Great Plains Area to individuals for whom long-term farm and home plans were not developed. The principal activity under the economic emergency loan authorities was in the State of Texas, but some other states experienced heavy loan activity. For example, loans in Arkansas, Louisiana and North Carolina totaled about $6,100,000. Special emergency loans were made in 21 states, the largest activity being $4,415,000 in North Dakota. The special emergency loan activity during the year exhausted the $15,000,000 limitation on these types of loans in April, and many applicants were denied assistance because of the limitation. Special livestock loan activity was less than in the 1955 fiscal year. About 75 percent of the total was loaned to individuals already indebted.

Emergency, special livestock and other loans obligated from the Revolving Fund during the 1956 fiscal year were as follows:

	Initial		Subsequent		Total	
	Number	Amount	Number	Amount	Number	Amount
Production emergency	9,836	$30,607,756	4,067	$6,536,642	13,903	$37,144,398
Economic emergency	10,588	16,007,505	6,781	7,069,926	17,369	23,077,431
Special emergency	12,811	13,281,782	173	129,747	12,984	13,411,529
Special livestock	306	3,285,045	1,275	10,044,115	1,581	13,329,160
Fur	-0-	-0-	10	81,475	10	81,475
TOTAL	33,541	63,182,088	12,306	23,861,905	45,847	87,043,993

1957 Loan Program: During the 1957 fiscal year, production, economic and special emergency loans will be provided on the same basis as in 1956. The production emergency loan activity during the year is expected to be somewhat less than in the fiscal year 1956. This also applies to economic emergency loans which are made only in areas designated by the President as eligible for assistance under Public Law 875. There undoubtedly will be considerable demand for these loans from borrowers already indebted.

Special livestock loans will be available to farmers, ranchers and stockmen needing credit to continue their livestock operations during the 1957 fiscal year. Many of the livestock men receiving loans in the past are experiencing great difficulty in working out their difficulties, principally because of the continued lack of moisture. It is expected that losses on the loans outstanding will be substantial, particularly if there is no break in the drought. It appears that in many cases the operators are in such financial distress that there is little likelihood that they will ever be able to repay their loans in full. The Farmers Home Administration is currently carrying about a 20 percent reserve to cover losses on special livestock loans. The situation with respect to repayments on emergency loans is relatively good.

2. Emergency feed and seed program:

(a) Emergency feed and seed assistance provided under the Disaster Loan Revolving Fund and by the Commodity Credit Corporation -- Public Law 115 authorized the furnishing of feed for livestock and seed for planting to established farmers and ranchers and stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 USC 1855). Under this authority, feed grain and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feeds, were furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Service, the Farmers Home Administration, and special State and local drought committees. Beginning with fiscal year 1955, under authority of Section 407 of the Agricultural Act of 1949, amended by Public Law 480, 83d Congress, the unrecovered costs of feed furnished and related handling and transportation costs are borne by the Commodity Credit Corporation, as described in the budget estimates for the Corporation. Administrative expenses are chargeable to the $50,000,000 limitation established by Public Law 175, as described above.

In the fiscal years 1954, 1955 and 1956, the emergency hay and roughage program was conducted through agreements with States under which the Department contributed a definite sum to the State to defray one-half the cost of distribution of the hay (not to exceed $10 per ton) and the State assumed full responsibility for purchasing and distributing the hay to farmers eligible. The program in the fiscal year 1957 is being conducted by the Farmers Home Administration whose county committees are responsible for determining the eligibility of applicants and approving the amount of assistance. Agreements are entered into with States in specified amounts. Assistance to individual farmers is based on a Federal contribution of $7.50 per ton of hay and roughage actually purchased by farmers. Certificates redeemable for cash are issued by the Farmers Home Administration. Advances are made to States to enable the States to redeem these certificates on which certification is made by the farmer and the dealer that the tonnage specified has been purchased.

Drought conditions continue to require the designation of counties for emergency feed assistance. Up to December 31, 1956 a total of 577 counties in 12 States were receiving this assistance in the 1957 fiscal year. On that same date, 513 counties in seven States were designated for assistance under the hay and roughage program.

On July 1, 1956, there was an unobligated balance of $11,801,079 of the $50,000,000 limitation on hay, feed, and seed assistance. In addition there were accounts receivable of $254,317 representing claims for freight charge adjustments on prior year programs. As of January 10, 1957, this balance had been used in connection with the 1957 fiscal year hay and roughage program. In addition, allocations totaling $8,000,000 had been made from the President's Disaster Relief Fund to provide amounts for the hay and roughage program. It is contemplated that these allocations will be repaid from the supplemental authorization requested for 1957 which would permit the use of an additional $25,000,000 under the Disaster Loan Revolving Fund for emergency feed and seed assistance.

(b) Grazing in disaster areas on Acreage Reserve lands under Soil Bank Program -- Needy farmers and ranchers of 678 counties in major disaster areas designated by the President under Public Law 875, 81st Congress, are being permitted, through January 31, 1957, to graze basic livestock on land in the acreage reserve under the Soil Bank Program. This is explained in more detail in the justification for the Soil Bank Program.

3. Emergency Conservation Measures:

(a) Assistance to States in Wind Erosion Control, Fiscal Year 1954 -- Under the general statutory authority of Public Law 875, the Department, in March 1954, was authorized to use a portion of the $10,000,000 previously allocated to it from the President's Disaster Relief Fund for the hay program, to provide financial assistance on a reimbursable basis to States and local governments in carrying out their own programs of wind erosion control. Under the program $200,000 was made available to Kansas under an agreement which expired on June 1, 1954. Kansas actually used $5,800, and the balance of the $200,000 was returned to the Department. The State of Kansas has subsequently repaid $3,000 of the $5,800 advanced.

(b) Assistance under the Agricultural Conservation Program -- Emergency conservation assistance is provided farmers and ranchers in disaster areas under the Agricultural Conservation Program. This work is explained in more detail in the justification for that program.

The following statement shows the funds available and used under the Disaster Loan Revolving Fund for each fiscal year since its inception, including estimates for 1957 and 1958. In addition to the obligations shown on this statement for 1957, the 1958 Budget reflects the anticipated use of $10 million in 1957 for the hay and roughage program from the pending supplemental authorization to use $25 million of the fund for the emergency hay and roughage program.

Diaaster Loans, etc., Revolving Fund

Statement of Funds Available and Use, by Fiscal Year From Inception of Fund on April 6, 1949, to June 30, 1956, and Estimates for Fiacal Years 1957 and 1958 a/

	1949	1950	1951	1952	1953	1954	1955	1956	1957 estimated	1958 estimated
Funds available:										
By appropriation:										
For establishment of revolving fund for production diaaster loans and transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the fund (P. L. 38, approved April 6, 1949) b/..	$45,494,334	- -	- -	- -	- -	- -	- -	- -	- -	- -
For flood rehabilitation in the Midwest area (P. L. 202, approved October 24, 1951).....	- -	- -	- -	$30,000,000	- -	- -	- -	- -	- -	- -
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency aasistance in furnishing feed and seed (P. L. 175, approved July 31, 1953).....	- -	- -	- -	- -	- -	$130,000,000	- -	- -	- -	- -
Balance available from prior fiscal year.....	- -	$44,257,538	$13,821,409	15,436,291	$32,617,589	17,184,381	$57,851,333	$40,070,354	$35,468,369	$46,277,047
Receipts:										
Loan principal repayments:										
Production emergency loans.....	- -	1,293,772	21,016,406	19,215,624	28,570,432	36,753,790	31,135,342	27,955,997	33,446,129	31,000,000
Economic emergency loans.....	- -	- -	- -	- -	- -	453,607	21,373,577	35,687,287	23,658,150	16,000,000
Special livestock loans.....	- -	- -	- -	- -	- -	2,991,415	19,870,276	17,367,293	16,089,556	12,000,000
Special emergency loans.....	- -	- -	- -	- -	- -	- -	13,852	1,525,143	13,058,941	10,000,000
Fur loans.....	- -	243,019	1,282,416	986,456	1,044,172	824,189	431,852	270,464	162,542	120,000
Orchard loans.....	- -	- -	5,420	92,245	74,580	91,995	- -	- -	- -	- -
Regional Agricultural Credit Corporation loans.....	- -	18,624	86,233	41,694	7,316	6,393	5,992	7,984	6,119	6,000
Interest and other collections.....	- -	74,812	640,200	673,210	898,125	1,248,118	2,697,583	3,727,763	3,813,320	3,148,600
Total receipts.....	- -	1,630,227	23,030,675	21,009,229	30,594,625	42,369,507	75,528,474	86,541,931	90,234,757	72,274,600
Total available.....	45,494,334	45,887,765	36,852,084	66,445,520	63,212,214	189,553,888	133,379,807	126,612,285	125,703,126	118,551,647
Obligations:										
Loans made:										
Production emergency loans.....	974,948	29,833,887	19,198,873	31,491,775	43,225,067	31,812,991	28,403,593	37,144,398	30,000,000	26,000,000
Economic emergency loans.....	- -	- -	- -	- -	- -	26,521,133	39,584,651	23,077,431	12,000,000	7,000,000
Special livestock loans.....	- -	- -	- -	- -	- -	35,429,749	19,413,325	13,329,160	10,000,000	5,000,000
Special emergency loans.....	- -	- -	- -	- -	- -	- -	1,550,821	13,411,529	12,000,000	12,000,000
Fur loans.....	239,442	1,746,890	1,093,702	902,490	780,240	299,600	175,460	81,475	100,000	50,000
Orchard loana.....	- -	- -	88,905	73,645	89,290	15,290	- -	- -	- -	- -
Hay and roughage program.....	- -	- -	- -	- -	- -	c/7,707,707	c/35,000	- -	9,500,000	- -
Transportation and other costa in connection with emergency feed furnished to farmers and stockmen.....	- -	- -	- -	- -	- -	c/27,900,000	- -	- -	- -	- -
Administrative expenses.....	22,406	485,579	1,034,313	1,360,021	1,933,236	2,016,085	4,146,603	4,099,923	5,826,079	3,670,000
Total obligations.....	1,236,796	32,066,356	21,415,793	33,827,931	46,027,833	131,702,555	93,309,453	91,143,916	79,426,079	53,720,000
Unobligated balance.....	44,257,538	13,821,409	15,436,291	32,617,589	17,184,381	57,851,333	40,070,354	35,468,369	46,277,047	64,832,647

a/ Exclusive of accrued interest on loans and miscellaneous accounts receivable.
b/ In addition, net assets (other than cash) of $363,811 were acquired from the Regional Agricultural Credit Corporation.
c/ These figures have been adjusted to take into account obligations cancelled as well as refunds from states in each fiscal year.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Loans Made From the Disaster Loan Revolving Fund Under Public Law 38, as Amended, During 1956 Fiscal Year

State and territory	Production Emergency loans		Economic Emergency loans		Special Emergency loans		Special Livestock loans		Fur loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	13,903	$37,144,398	17,369	$23,077,431	12,984	$13,411,529	1,581	$13,329,160	10	$81,475	45,847	$87,043,993
Initial loans	9,836	30,607,756	10,588	16,007,505	12,811	13,281,782	306	3,285,045	0	0	33,541	63,182,088
Subsequent	4,067	1/ 6,536,642	6,781	7,069,926	173	2/ 129,747	1,275	10,044,115	10	81,475	12,306	23,861,905
Alabama	418	387,204	9	19,670	324	197,445	7	20,405	0	0	758	624,724
Arizona	0	0	0	0	17	91,780	7	159,425	0	0	24	251,205
Arkansas	297	337,373	1,619	2,177,110	452	408,070	40	63,765	0	0	2,408	2,986,318
California	73	886,262	0	0	0	0	4	77,490	0	0	77	963,752
Colorado	857	3,215,740	18	23,350	59	194,005	161	1,656,355	1	24,450	1,096	5,113,900
Connecticut	13	108,783	0	0	0	0	0	0	0	0	13	108,783
Delaware	31	95,905	0	0	0	0	0	0	0	0	31	95,905
Florida	3	12,182	3	28,500	0	0	8	95,000	0	0	14	135,682
Georgia	663	1,256,705	0	0	282	296,035	6	69,500	0	0	951	1,622,240
Idaho	14	226,505	0	0	3	25,100	6	136,405	0	0	23	388,010
Illinois	22	15,480	0	0	402	549,735	0	0	0	0	424	565,215
Indiana	0	3/ 1	0	0	184	287,750	1	1,500	0	0	185	289,251
Iowa	0	3/ 36	0	0	613	580,166	0	0	0	0	613	580,202
Kansas	480	1,944,496	514	736,356	0	0	45	808,225	0	0	1,039	3,489,077
Kentucky	23	18,810	7	2,935	0	0	2	400	0	0	32	22,145
Louisiana	47	52,771	1,246	1,279,455	0	0	6	42,400	0	0	1,299	1,374,626
Maine	1	1,500	592	756,650	578	1,972,950	0	0	0	0	1,171	2,731,100
Maryland	17	89,148	0	0	0	0	0	0	0	0	17	89,148
Massachusetts	16	84,119	0	0	0	0	0	0	0	0	16	84,119
Michigan	107	341,375	0	0	0	0	1	12,000	8	38,400	116	391,775
Minnesota	1	1,308	0	0	1,118	1,191,552	0	0	0	0	1,119	1,192,860
Mississippi	218	393,803	731	690,275	737	362,005	1	5,400	0	0	1,687	1,451,483
Missouri	558	746,177	593	703,650	773	753,280	112	248,220	0	0	2,036	2,451,327
Montana	2	11,696	0	0	0	0	108	1,074,120	0	0	110	1,085,816
Nebraska	0	0	0	0	588	693,460	2	69,300	0	0	590	762,760
Nevada	1	6,470	0	0	0	0	10	252,285	0	0	11	258,755
New Jersey	16	35,700	76	275,725	2	3,775	27	40,125	0	0	121	355,325
New Mexico	292	837,561	109	280,855	0	0	125	1,137,810	0	0	526	2,256,226
New York	4	36,391	5	15,365	28	221,910	0	0	1	18,625	38	292,291
North Carolina	1,098	2,003,861	2,634	2,633,950	0	0	0	0	0	0	3,732	4,637,811
North Dakota	166	187,895	0	0	5,335	4,414,978	0	0	0	0	5,501	4,602,873
Ohio	0	0	0	0	18	55,335	0	0	0	0	18	55,335
Oklahoma	475	1,614,397	1,217	1,169,310	0	0	136	1,079,410	0	0	1,828	3,863,117
Oregon	15	96,100	0	0	0	0	10	184,540	0	0	25	280,640
Pennsylvania	29	173,402	1	1,500	0	0	17	13,890	0	0	47	188,792
Rhode Island	1	500	0	0	0	0	0	0	0	0	1	500
South Carolina	997	1,175,187	0	0	906	571,395	0	0	0	0	1,903	1,746,582
South Dakota	1,081	948,926	0	0	544	506,373	24	174,250	0	0	1,649	1,629,549
Tennessee	53	28,132	276	184,895	0	0	6	9,800	0	0	335	222,827
Texas	5,453	18,290,245	7,609	12,042,685	0	0	662	5,063,775	0	0	13,724	35,396,705
Utah	0	3/ 42	0	0	0	0	23	419,490	0	0	23	419,532
Virginia	62	291,572	110	55,195	0	0	2	650	0	0	174	347,417
Washington	145	779,774	0	0	0	0	2	75,650	0	0	147	855,424
West Virginia	3	39,295	0	0	0	0	1	325	0	0	4	39,620
Wisconsin	0	3/ 1,221	0	0	0	0	0	0	0	0	0	1,221
Wyoming	151	370,348	0	0	21	34,430	18	325,750	0	0	190	730,528
Hawaii	0	0	0	0	0	0	1	11,500	0	0	1	11,500
						Average amount of loans						
Initial		$3,112		$1,512		$1,037		$10,735				
Subsequent		4/ 1,595		1,043		4/ 749		7,878				

1/ Includes loan costs in the amount of $50,232.
2/ Includes loan costs in the amount of $192.
3/ Loan costs.
4/ Excludes loan costs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Loans Made From the Disaster Loan Revolving Fund Under Public Law 38, as Amended, Cumulative From Inception of Each Program Through June 30, 1956

State and territory	Production Emergency loans		Economic Emergency loans		Special Emergency loans		Special Livestock loans		Fur loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	158,334	$222,352,662	64,088	$89,183,215	14,498	$14,962,350	8,025	$68,172,234	642	$5,319,299	245,587	$399,989,760
Initial loans	125,311	177,625,841	47,876	73,442,854	14,310	14,822,058	4,528	44,123,018	324	2,873,727	192,349	312,887,498
Subsequent loans	33,023	44,726,821	16,212	15,740,361	188	140,292	3,497	24,049,216	318	2,445,572	53,238	87,102,262
Alabama	7,904	5,671,757	243	263,790	324	197,445	42	237,510	0	0	8,513	6,370,502
Arizona	28	69,419	0	0	40	197,335	35	916,815	0	0	103	1,183,569
Arkansas	13,033	19,627,824	8,482	11,603,070	452	408,070	583	857,715	0	0	22,550	32,496,679
California	952	5,204,917	0	0	0	0	24	791,827	3	16,600	979	6,013,344
Colorado	2,522	6,967,815	274	408,055	78	247,090	629	7,962,863	138	1,364,802	3,641	16,950,625
Connecticut	44	207,998	0	0	0	0	0	0	0	0	44	207,998
Delaware	34	104,705	0	0	0	0	0	0	0	0	34	104,705
Florida	473	3,211,159	79	680,315	0	0	65	898,115	0	0	617	4,789,589
Georgia	9,802	12,125,057	0	0	282	296,035	49	382,615	0	0	10,133	12,803,707
Idaho	196	1,041,857	0	0	3	25,100	49	1,323,245	21	88,240	269	2,478,442
Illinois	490	554,485	0	0	402	549,735	2	18,600	21	443,260	915	1,566,080
Indiana	41	24,609	0	0	184	287,750	11	170,900	14	112,735	250	595,994
Iowa	286	234,735	0	0	613	580,166	2	4,000	0	0	901	818,901
Kansas	2,654	4,170,347	2,112	3,729,125	0	0	253	3,475,510	0	0	5,019	11,374,982
Kentucky	1,180	638,703	1,128	665,640	0	0	39	70,720	0	0	2,347	1,375,063
Louisiana	3,582	4,732,306	2,546	2,480,345	0	0	16	125,475	0	0	6,144	7,338,126
Maine	194	303,135	1,310	2,895,245	578	1,972,950	0	0	0	0	2,082	5,171,330
Maryland	39	164,559	0	0	0	0	1	1,200	0	0	40	165,759
Massachusetts	92	476,754	0	0	0	0	7	13,000	1	5,000	100	494,754
Michigan	184	477,007	0	0	0	0	5	42,500	91	759,687	280	1,279,194
Minnesota	619	452,399	0	0	1,770	1,804,033	6	25,196	15	87,883	2,410	2,369,511
Mississippi	14,059	19,304,039	2,992	3,129,945	737	362,005	5	34,595	0	0	17,793	22,830,584
Missouri	12,247	17,871,402	5,805	6,770,253	773	753,280	1,283	1,921,420	0	0	20,108	27,316,355
Montana	373	705,863	0	0	0	0	340	5,532,948	1	3,000	714	6,241,811
Nebraska	73	107,397	0	0	588	693,460	11	227,240	0	0	672	1,028,097
Nevada	44	425,680	0	0	0	0	70	1,526,470	0	0	114	1,952,150
New Hampshire	19	106,880	0	0	0	0	7	5,910	0	0	26	112,790
New Jersey	309	801,348	76	275,725	60	118,450	68	106,025	11	31,300	524	1,332,848
New Mexico	846	1,770,245	1,041	2,370,420	0	0	743	7,112,305	1	2,260	2,631	11,255,230
New York	236	1,688,390	5	15,365	28	221,910	42	51,070	12	178,923	323	2,155,658
North Carolina	8,013	6,746,309	5,972	5,797,811	0	0	2	4,915	0	0	13,987	12,549,035
North Dakota	13,956	10,172,960	0	0	5,879	4,851,613	5	17,835	0	0	19,840	15,042,408
Ohio	80	73,200	0	0	18	55,335	10	21,345	1	1,500	109	151,380
Oklahoma	7,114	6,630,641	4,669	4,029,971	0	0	534	4,614,270	0	0	12,317	15,274,882
Oregon	158	785,505	0	0	0	0	28	687,075	15	116,020	201	1,588,600
Pennsylvania	58	199,276	1	1,500	0	0	99	133,360	5	17,012	163	351,148
Rhode Island	27	83,947	0	0	0	0	0	0	0	0	27	83,947
South Carolina	15,392	11,024,325	0	0	906	571,395	2	10,870	0	0	16,300	11,606,590
South Dakota	5,795	4,493,616	0	0	762	734,763	141	1,557,785	3	15,000	6,701	6,801,164
Tennessee	3,533	2,182,926	2,114	1,372,475	0	0	51	63,540	0	0	5,698	3,618,941
Texas	29,852	63,858,775	24,630	42,307,400	0	0	2,444	23,576,175	0	0	56,926	129,742,350
Utah	119	538,582	0	0	0	0	93	1,462,127	134	494,045	346	2,494,754
Vermont	86	220,420	0	0	0	0	5	9,180	0	0	91	229,600
Virginia	456	2,551,227	607	383,265	0	0	75	238,030	0	0	1,138	3,172,522
Washington	281	1,282,929	0	0	0	0	3	123,105	80	485,975	364	1,892,009
West Virginia	12	66,060	1	1,000	0	0	46	27,165	0	0	59	94,225
Wisconsin	352	460,606	0	0	0	0	0	0	73	1,092,957	425	1,553,563
Wyoming	371	1,325,937	1	2,500	21	34,430	92	1,724,293	2	3,100	487	3,090,260
Alaska	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	54	76,130	0	0	0	0	7	49,375	0	0	61	125,505
Puerto Rico	22	69,370	0	0	0	0	1	16,000	0	0	23	85,370
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0
	Orchard loans											
Washington	48	267,130									48	267,130
						Average amount of loans						
Initial		1,417		1,534		1,036		9,744		8,870		
Subsequent		1,350		971		745		6,877		7,690		

(d) Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Section 11 (a) and 12 (e) (2) of the Bankhead-Jones Farm Tenant Act, as amended, which authorized the appropriation of not to exceed $25,000,000 for the establishment of the mortgage insurance fund. The sum of $1,000,000 was appropriated in the Department of Agriculture Appropriation Act, 1948, as the initial capital for this fund. The authority for insuring loans as contained in the Bankhead-Jones Farm Tenant Act is restricted to farm ownership loans under Title I. Public Law 597, approved August 17, 1954, amending the Water Facilities Act of 1937, also authorizes the use of this Fund for insuring loans for soil and water conservation purposes.

The initial amount of $1,000,000 is supplemented by initial and annual charges collected from insured loan borrowers and by such initial fees for inspection, appraisal and other charges in connection with farm ownership loans as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected as the premium for insurance, and such amounts as are appropriated to the Fund under Section 11(a), are available for payments with respect to insured loans. In addition, Section 13 (b) and (c) authorize borrowing from the Secretary of the Treasury any additional funds needed. Moneys not needed for current operations may be invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine in connection with farm ownership loans are available for administrative expenses in carrying out the insured loan programs. It is estimated that receipts derived from these sources during the fiscal year 1957 available for administrative expenses in 1958 will amount to approximately $830,000.

Assets of the capital fund, including receivables and the $1,000,000 originally appropriated are estimated to be approximately $13,088,000 at June 30, 1957. The investment of the Government on this date is estimated to consist of $6,985,000 in borrowing from the Treasury, $1,000,000 in appropriations and $5,103,000 in retained earnings.

The number of farm ownership loans insured each year from the beginning of the program in October 1947 through the third quarter of the fiscal year 1951 showed a steady increase. The number insured in the fourth quarter of 1951 and in 1952, 1953 and 1954 decreased as a result of the lack of investment capital due primarily to the low interest rate then in effect. Actual loans for 1955 and 1956 show a marked increase over 1954 as a result of (1) the enactment of Public Law 521, amended July 22, 1954, which amended the Bankhead-Jones Farm Tenant Act to provide a flexible interest rate on insured loans, (2) the further amendment to this Act by Public Law 273, approved August 9, 1955, providing that mortgages shall run to the Government instead of to the lender, and (3) the enactment of Public Law 597 extending the water facilities program to the entire Nation and authorizing the insuring of loans made by private lenders for soil and water conservation purposes. Due to considerably higher interest rates in effect and to the tight money situation in 1957, the insured loan volume is expected to be below 1955 and 1956.

Insured loan activity since 1948 and estimated for 1957 fiscal year is shown in the following table:

Loans Insured by Fiscal Year

Fiscal Year	Number of Initial Loans			Amount of Initial and Subsequent Loans		
	Farm Ownership	Soil and Water Conservation	Total	Farm Ownership	Soil and Water Conservation	Total
1948	338		338	$2,412,837		$2,412,837
1949	1,149		1,149	7,937,241		7,937,241
1950	2,191		2,191	16,586,860		16,586,860
1951	2,150		2,150	17,596,050		17,596,050
1952	1,097		1,097	10,493,008		10,493,008
1953	1,041		1,041	10,681,721		10,681,721
1954	885		885	9,751,541		9,751,541
1955	2,872	2,817	5,689	31,673,069	$15,244,316	46,917,385
1956	3,198	1,815	5,013	38,917,123	10,589,252	49,506,375
1957 (est.)	1,960	1,195	3,155	30,000,000	7,500,000	37,500,000

There are no employees paid from this fund.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Farm Tenant-Mortgage Insurance Funds, Department of Agriculture - Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946 and Section 10(c) of the Act of August 28, 1937, as amended ...	$3,511,930	$9,692,000	$13,848,000
Allotments from:			
Disaster Loans, etc., Revolving Fund, Department of Agriculture - For making emergency loans to farmers and stockmen and for other purposes in accordance with provisions of Public Law 38, as amended, and Public Law 727, as amended	90,317,554	78,120,389	53,893,250
Watershed Protection, Soil Conservation Service - For loans to local organizations to finance improvements in small watersheds, and related expenses pursuant to Public Law 566, as amended ..	- -	- -	1,500,000
Total allotments	90,317,554	78,120,389	55,393,250
Allocation from International Cooperation Administration - For expenses in connection with training activities ..	17,768	17,900	- -
Trust Funds:			
State Rural Rehabilitation Corporation Funds: a/			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes under trust or other agreements between the Secretary and individual states as follows:			
Administrative expenses	677,805	680,000	720,000
Undistributed charges	241,762	280,000	340,500
Return of assets to States	1,122,631	391,329	350,000
Loans	11,205,872	10,003,396	8,900,000
Total, State Rural Rehabilitation Corporation Funds	13,248,070	11,354,725	10,310,500

(Continued on next page)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	113,520	130,000	130,000
TOTAL, OBLIGATIONS (OR ACCRUED EXPENDITURES) UNDER ALLOTMENTS AND OTHER FUNDS	107,208,842	99,315,014	79,681,750

a/ These items are on the basis of accrued expenditures.

PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1958 include the replacement of 6 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. As indicated, the vehicles are used primarily in connection with rural travel, much of which is over unpaved roads, and repair and maintenance records show that the maximum economic operation is reached at 55,000 to 65,000 miles. Thereafter, breakdowns become more frequent and major overhauls are usually required to keep the vehicles in safe operating condition. It is estimated that the mileage on each of the vehicles proposed for replacement in 1958 will range from 60,000 to 75,000 miles as of December 31, 1956, and will be at least 70,000 on each vehicle before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be $180 during 1958, or a total of $1,080. Another factor for consideration is that the sales value of the vehicles will decrease in proportion to increased age and mileage.

The Farmers Home Administration will operate a total of 32 passenger motor vehicles in 1958. These vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for the use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles which can be operated at an approximate total cost of less than 5 cents per mile including depreciation as opposed to use of privately-owned automobiles compensated at 7 cents per mile, (2) strict adherence to the preventive maintenance requirements in order to avoid keeping the vehicles in a non-use status for unreasonable periods of time, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical to do so.

Age Data

Age-Year Model	Number of Vehicles
1949	2
1950	0
1951	2
1952	3
1953	7
1954	3
1955	6
1956	9
	32

Mileage Data

Lifetime Mileage	Number of Vehicles
0 to 20,000	12
20,000 to 40,000	6
40,000 to 60,000	10
60,000 to 80,000	3
80,000 to 100,000	1
Over 100,000 miles	0
	32

OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, then known as the Office of the Solicitor, was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate agency of the Department. On March 17, 1954 the Secretary changed the title of the Solicitor to General Counsel with a corresponding change in the name of the Office.

The Office of the General Counsel, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He furnishes necessary review in connection with criminal cases arising under the programs of the Department for the purposes of referring them to the Department of Justice.

By special assignment of the Attorney General, the Assistant General Counsel for Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Court of appeals and the Supreme Court of the United States. The General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 7 divisions in Washington, supervised by the General Counsel, the Deputy General Counsel, 2 Assistant General Counsels, the Assistant General Counsel for Litigation, and the Staff Legal Officer. The work in the field is performed by 15 field offices and 4 branch offices.

On November 30, 1956, the General Counsel's Office had 408 employees, of whom 251 were in Washington and 157 in the field.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$2,785,000	$3,172,000

Salaries and Expenses

ppropriation Act, 1957	$2,740,000
pplemental appropriation for 1957 (Second Supplemental Appropriation Act, 1957)	45,000
se for 1957	2,785,000
dget Estimate, 1958	3,172,000
crease	+387,000

SUMMARY OF INCREASES, 1958

r legal services incident to:		
Activities of the Farmers' Home Administration		+$88,735
Commodity Credit Corporation programs		+24,015
Marketing and regulatory activities:		
a. Packers and Stockyards Act	+26,420	
b. Marketing order and agreement program	+47,560	
c. Grade standards and inspection under the Agricultural Marketing Act of 1946	+10,560	
d. Perishable Agricultural Commodities Act, as amended	+31,710	+116,250
r contributions to retirement fund pursuant to Public Law 854		+158,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L.854)	Increase: Other	1958 (estimated)
. Agricultural credit and conservation	$1,285,666	$1,400,000	+$79,265	+$88,735(1)	$1,568,000
. Commodity credit, production and adjustment programs	687,722	709,000	+39,985	+24,015(2)	773,000
. Marketing and regulatory laws	438,051	442,000	+25,750	+116,250(3)	584,000
. Agricultural research and staff legal services	209,813	234,000	+13,000	- -	247,000
nobligated balance	35,748	- -	- -	- -	- -
otal retirement costs (P.L. 854)			[+158,000]	[+12,565]	[170,565]
Total available	2,657,000	2,785,000	+158,000	+229,000	3,172,000
dvance from "Administrative expenses, Commodity Credit Corporation"	-401,000	- -	- -	- -	- -
otal appropriation or estimate	2,256,000	2,785,000	+158,000(4)	+229,000	3,172,000

INCREASES

(1) An increase of $88,735 under the project "Agricultural credit and conservation" for legal services incident to the loaning activities of the Farmers' Home Administration

Need for Increase: Recent legislative enactments have made substantial changes in the loaning activities of the Farmers' Home Administration These changes included new authority for refinancing of loans and the insurance of second mortgages. Other changes embraced in Public Law 878, 84th Congress, 2nd Session, presented new program and servicing problems not encountered in the loan programs as they have been previously developed. In addition, the new types of loans and the additional borrowing authorization resulted in a marked increase of loans made and loans to be serviced and collected.

The estimates contemplate the making of 5,335 more real estate secured loans in 1958 than in 1957. These new loans, in addition to such services as may be rendered in loan closing, including title examination and the drafting of individual instruments, will be added to an existing caseload of 283,322 borrowers on June 30, 1956. Of this number 242,675 were operating loan type borrowers and the remainder were borrowers indebted on real estate secured loans.

The legal service in connection with the closing of real estate loans has been reduced somewhat by the use of designated local attorneys, title insurance companies and simplification of procedures. The added caseload volume of the agency now presents many more legal problems of both general and specific characters. The volume of cases presented for collection, most of which involve litigation, has reached the point where much more additional legal attention is required for this phase of the work than has been saved by the reduction in the legal assistance required in closing real estate secured loans.

Legal services must be furnished in connection with drafting and approving administrative regulations and standard forms for use in all loan programs administered by the Farmers Home Administration. It includes legal advice in connection with the applicability of those program rules under the laws of the States and the adaptation of national forms and procedures to effectively protect the interests of the Government in each State. Legal service and advice is necessary in drafting of legal instruments, in loan and security servicing and legal assistance must be given in the investigation, assembling of evidence, legal research and the preparation of cases for trial prior to reference to the United States Attorney or the Department of Justice and assistance to the Department of Justice in appellate litigation.

(2) An increase of $24,015 for legal services in connection with the programs of the Commodity Credit Corporation

Need for Increase: Additional funds will be required to furnish adequate legal attention to the matters arising out of the activities of the

Commodity Credit Corporation in view of the increased emphasis being placed on the disposal of surplus agricultural commodities through foreign markets and other outlets. Barter transactions and sales for foreign currency which have been expanded involve considerably more legal work than cash transactions. Foreign currency transactions under Title I of P.L. 480, 83rd Congress, involve three-way contractual negotiations with foreign governments, private exporters and lending agencies in the sale of surplus commodities and arranging for the financing thereof. This is followed by additional legal work incident to the programming and conversion of the foreign currency. As of October 31, 1956, seventy-two agreements or supplements to agreements have been entered into with 30 countries for the sale of surplus agricultural commodities for foreign currency. Additional work incident to contracts and claims is expected also in connection with the management of the accumulated inventories of commodity stocks.

(3) An increase of $116,250 for legal services in connection with the marketing and regulatory activities

Need for Increase: Additional funds will be required to furnish adequate legal attention to the marketing and regulatory activities of the Department in view of the anticipated increases in the following areas:

a. $26,420 for activities under the Packers and Stockyards Act. The Agricultural Marketing Service has under way a program under which all eligible stockyards will be posted and become subject to the jurisdiction of this Department. On July 1, 1956 there were approximately 352 posted stockyards and about 288 additional stockyards are eligible for posting of which it is planned that at least 100 will be posted each year starting with 1957. Between July 1 and November 15, 1956 investigations were completed on 47 additional yards to be posted. Notice of proposed posting of 33 of these yards has been published in the Federal Register and notices for publication are being prepared on the remaining 14. The posting program will bring hundreds of additional market agencies and dealers within the jurisdiction of the Packers and Stockyards Act and will result in a considerable increase in the legal work under the Act. The Department is making various important investigations of monopolistic practices by persons subject to the Act and marketwide investigations of trade practices which probably will result in a substantial volume of important and complicated problems for legal attention.

b. $47,560 for marketing orders and agreements. It has become extremely difficult with the present staff to render even minimum legal services in connection with 66 milk orders in effect on July 1, 1956. This is an increase of 8 new orders over those in effect at the beginning of fiscal year 1956. Hearings have been held in connection with 5 additional programs and 2 additional orders for Bluefield, West Virginia, and Chattanooga, Tennessee, have been issued since July 1, 1956. On July 1, 1956 there were 34 fruits, vegetables, tobacco and virus serums and toxin marketing orders in effect. This is 2 more than were in effect at the beginning of fiscal year 1956. Hearings on 5 more programs relating

to Florida cucumbers, Idaho-Oregon onions, Long Island potatoes, New Jersey potatoes, and Texas tomatoes have been held. Programs relating to Texas citrus, Upstate New York potatoes, Washington apricots, Texas cantaloupes, Southeastern watermelons, Washington sweet cherries, Utah potatoes, and Texas potatoes are being given serious consideration at the present time. It is reasonable to expect that at least 40 such programs will be in effect by June 30, 1957. The servicing of these programs requires the preparation and promulgation of many periodic regulations and numerous criminal and civil enforcement actions.

c. $10,560 for grade standards and inspection under the Agricultural Marketing Act of 1946. There has been a substantial increase in the number of requests for legal assistance in connection with the promulgation, amendment and administration of grade standards and the issuance of regulations covering inspection services. There also has been an increase in requests for assistance in proceedings relating to the withdrawal of service because of violation of regulations. In addition, P.L. 272, 84th Congress, has provided penalties for the improper use of grade marks and other improper practices in connection with the grading services. There are indications of a considerable number of violations covering a wide area which are now under investigation and which will result in the submission to this Office of a substantial number of investigative reports for consideration and preparation of the cases for submission to the Department of Justice for prosecution.

d. $31,710 for increased activity under the Perishable Agricultural Commodities Act. Recent approval of legislation (P.L. 842, 84th Cong.,) amending the Perishable Agricultural Commodities Act will increase considerably the legal attention that will have to be given to the Department's responsibility in administering the Perishable Agricultural Commodities Act. Among other things the amendment to the Act eliminates the necessity of proving "fraudulent practices" in connection with the misbranding of any perishable agricultural commodities and makes misrepresentations of "region of origin" a violation of the Act. It permits denial of a license under certain circumstances and permits suspension or revocation of the license of any licensees who, after proper notice, continue to employ in a responsible position any person whose license or previous firm's license has been revoked or suspended. It also extends the record inspection authority to permit record inspection as may be required to determine the ownership, control, packers or State, county or region of origin in connection with commodity inspection or to ascertain whether the record keeping provisions of the Act are being complied with. These changes will increase substantially the legal work incident to disciplinary proceedings arising out of the denial, suspension or revocation of licenses and the review of investigation reports, preparation of pleadings and referral of cases to the

Department of Justice. In order to preclude undue delays in processing cases it is necessary, therefore, that the present legal staff be increased in order to give this phase of the work proper attention.

(4) An increase of $158,000 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (delete matter enclosed in brackets):

For necessary expenses, * * *.

[For an additional amount for "Office of the General Counsel", $45,000: Provided, That this appropriation shall be available only upon enactment into law of H.R. 11544, Eighty-fourth Congress, or similar legislation amending the Bankhead-Jones Farm Tenant Act, as amended.]

The proposed change would delete the supplemental appropriation language contained in the Second Supplemental Appropriation Act, 1957.

STATUS OF PROGRAM

The Office of the General Counsel furnishes all of the legal services required in connection with the programs and activities of the Department. The Secretary, members of the Secretary's staff, and program officials are advised on legal matters which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of the Department and related governmental policies and programs. This Office is responsible for interpreting existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department. Because the attorneys of this Office are intimately acquainted with the operations of the Department's programs, the statutes under which they operate, and the sources of available information, they are frequently requested to prepare the many complex cases for litigation and to assist the United States Attorneys in the trial thereof. In a number of appellate cases the Assistant General Counsel for Litigation presents the oral argument.

Recent activities illustrative of legal work performed during fiscal year 1956 are listed below.

Farmers Home Administration Programs: During the fiscal year 1956, a considerable portion of the legal work in connection with these programs involved the preparation of various drafts of proposed legislation and reports and advice concerning such proposals. The Congress considered about twenty-five separate proposals affecting the loan programs of the agency. Many of these proposals were merged in H. R. 11544, enacted after the end of the fiscal year (Public Law 878, 84th Congress, 2d Session). Additional legislative work was performed in connection with the extension of the provisions of Title V of the Housing Act of 1949 and in connection with five special authority bills authorizing the conveyance of the Government's interest in particular tracts of land.

Additional work was done on modifying and extending the regulations, procedures and forms, consolidating the title clearance regulations of the several loan programs, in order to facilitate and expedite loan closing.

In addition, the legal work performed included oral and written advice to the administrative officials; the preparation and approval of new and revised rules and instructions, forms and Federal Register documents; examination of land titles in connection with real estate loans; preparation of deeds, security instruments and closing instructions in individual real estate loan cases; preparation of assignments, releases, satisfactions, subordination agreements and other documents in connection with loan servicing; filing claims, preparation of cases for litigation and other legal assistance in collecting loans.

Forestry and Lands Programs: Legal assistance was rendered in connection with the forestry and lands programs of the Department in various fields and types of work including:

1. Legal assistance to the Forest Service in connection with its work under the Act of July 23, 1955, which amended the Mineral Materials Act of July 31, 1947, to authorize the Secretary of Agriculture to dispose of certain materials on public lands withdrawn and administered by him, and amended the mining laws by providing for multiple use of the surface of such lands. This work included the interpretation of various provisions of this Act, assistance in the drafting and review of regulations, delegations of authority, forms, Forest Service Manual Provisions and other instructions for the field offices, discussions with representatives of the Department of the Interior and review of its proposed regulations. It also included assistance to the field offices of the Forest Service in the preparation of affidavits, area descriptions, and other documents in connection with the examination of areas selected for a determination of surface rights; examination of tract indexes in these areas and preparation of certificates as to such examination; review of completed file submitting the request to Interior for publication of notice to mining claimants for a determination of surface rights on selected areas.

2. Review of fire, timber, grazing and occupancy trespasses, including the review of offers of compromise settlement and counter-claims, and the rendering of assistance to the Department of Justice in the prosecution of civil and criminal actions resulting therefrom. An example of such litigation is the case of United States v. Albert Bartel, et al., Civil Action No. 155 in the United States District Court for the Western District of Washington, Northern Division, a fire trespass in which the court held that the defendants were negligent in failing to remove slash resulting from 1951 timber-cutting operations which was the proximate cause of a fire that started in July of 1952 in slash resulting from current logging operations spreading to adjacent national forest land.

3. Legal assistance in effecting transfer of jurisdiction between the Departments of the Interior and Agriculture of lands needed in the development of the Eden Valley Water Conservation and Utilization Project, the sale of farm units and assistance in connection with the conveyance to States and State agencies of certain of the lands administered under Title III of the Bankhead-Jones Farm Tenant Act which previously had been under long-term leases to the States and State agencies.

4. Assistance in the drafting and review of proposed legislation

pertaining to forestry and lands programs and of reports thereon to the Congress by this Department. Examples of such legislation are the bills: (S. 863) to settle certain questions as to water rights in the West, (H.R. 8750 and other related bills) to amend the Watershed Protection and Flood Prevention Act, and (S. 2572) to authorize the interchange of lands between the Department of Agriculture and the Department of Defense; the Act of June 22, 1956 (70 Stat. 326) relating to lands in the roadless area of the Superior National Forest; and various proposals relating to recreational use on the national forests.

5. Legal assistance in connection with the program of assistance to soil conservation districts and other local organizations under the Watershed Protection and Flood Prevention Act. This included the completion of the primary study of the laws of the 48 States pertaining to the creation and powers of soil and water conservation districts and other local organizations in order to ascertain the extent to which they are authorized under State laws to obtain assistance from the Secretary of Agriculture under the Act; legal assistance to the Soil Conservation Service in its cooperation with State agencies in the preparation and review of State legislation needed to implement or facilitate the extension of assistance to local organizations under the Act; the review and approval of watershed work plans prepared and transmitted to the Congress pursuant to the Act; and the preparation and review of various forms and documents for use in carrying out watershed work plans, such as cooperative agreements, easements, etc.

6. Legal advice and assistance in connection with the Secretary's membership on, and the report of, the Presidential Advisory Committee on Water Resources Policy, including active participation by members of the Office of the General Counsel on the working groups of the Committee.

7. Review of drafts of the Departmental publications relating to the law of water rights in western States; adjustment of land claims relating to acquired lands; and preparation and review of deeds, timber sale contracts, performance bonds, permits, and other types of legal instruments.

8. Legal assistance in the use of a recently revised contract form for sales of national forest timber, including drafting optional sale clauses, conferences and training sessions relative to over-all legal problems in timber sales, rendering other detailed assistance in individual sales, and drafting and reviewing revisions of timber sale instructions; and advice and drafting services in preparation of a revised bid form for use in timber sales.

9. The review of legal problems arising in connection with the construction of a cooperative access road system covering a typical "checkerboard" situation where national forest land is interspersed with privately owned land, the preparation of a cooperative agreement between private parties and the Forest Service for the construction of such a road system, and legal guidance in the procedure to follow as a pattern in the administrative negotiations of cooperative road construction programs.

10. Written legal opinions and memoranda and oral legal advice to the Forest Service; the conducting of hearings and rendering legal advice and guidance in connection with appeals from administrative decisions involving rights under timber sale contracts, grazing permits, and other matters pursuant to the provisions of 36 C.F.R. 211.2.

11. Legal assistance in effecting exchange of administrative jurisdiction between the Departments of the Interior and Agriculture over approximately 242,734 acres of revested Oregon and California railroad grant land and approximately 241,137 acres of national forest land for the purpose of facilitating administration of the O. and C. and national forest lands by the respective Departments, as authorized in the Act of June 24, 1954 (68 Stat. 270).

Rural Utilities Program: Legal services rendered in connection with the rural electrification and rural telephone loan programs of the Rural Electrification Administration included, among other things, the following:

1. The drafting, in connection with the increasing volume of REA telephone and electric loans, of loan contracts, notes, mortgages or deeds of trust, and supporting papers for each loan, and the review and legal clearance of the executed documents. Similar services in connection with agreements modifying payment schedules under borrowers' notes, and supplemental security instruments required to maintain the Government's security interests.

2. The preparation or review of option and sale agreements, instruments of title, franchises, commission orders, ordinances, corporate proceedings, and other documents involved in REA financing of the numerous acquisitions by borrowers of existing telephone and electric systems and of construction of new telephone and electric facilities.

3. The rendering of opinions and advice with respect to the permissible limits of proposed electric or telephone loans, including those involving complex arrangements for joint

financing with non-REA sources and pooling and interconnection of facilities.

4. The preparation, revision or review of contracts relating to borrowers' construction, engineering services, power sales and procurement and connecting company arrangements, and legal assistance in disputes involving such contracts.

5. Review and clearance of borrowers' titles to real estate, of the organization and revisions of borrowers' corporate structures, and of required orders or approvals of borrowers' activities and rates by state and federal regulatory bodies. Assistance and advice to REA officials and borrowers' attorneys in litigation or proceedings involving these matters.

6. Assistance in connection with the solution of borrowers' operating or security problems, including preparation of supplemental loan and security documents and advice to effectuate the transfer of telephone or electric properties from one borrower to another, involving the assumption of indebtedness to the Government and the assignment of loans.

7. The development of new forms of supplemental mortgage or indenture to cover situations where telephone borrowers were unable to meet equity requirements.

8. Assistance in negotiating and drafting contracts in connection with tentative approval by the Atomic Energy Commission of borrowers' proposals to construct nuclear electric generating plants. Similar assistance to REA in connection with the negotiation of contract revisions between electric generating and transmission borrowers and Southwestern Power Administration pursuant to Congressional directives.

9. Review of joint power supply or integration arrangements between electric borrowers and power companies, or state or federal agencies, involving in some instances REA loans for facilities to be leased to or operated by the power companies or governmental agencies, as well as other types of integration of facilities, in the interests of common economies. Consideration of the effects of litigation and disputes pertaining to such integration, particularly on the advance of loan funds.

Commodity Credit, Section 32 and School Lunch Programs: Legal services in connection with the activities of Commodity Credit Corporation have continued to be required at a steadily increasing rate and it is anticipated that this trend will continue. More legal services were

required during fiscal year 1956 than during 1955 because of an increased activity with respect to the disposal of Commodity Credit Corporation inventories of price-support commodities and because of a heavier claims and litigation workload in 1956 than in 1955. The following are examples of the types of these activities and the legal services rendered in connection therewith:

1. Programs involving price support, re-seal and purchase agreements, under which price support was extended on 1955 crops having a price support value of three and a half million dollars, there were prepared or revised many types of legal instruments, such as chattel mortgages, notes, purchase and loan agreements, bulletins, announcements, instructions, regulations and warehouse agreements. Legal advice was also given with respect to the preparation of contracts between the Corporation and dealers, processors, warehousemen and private lending agencies, and the Federal Reserve Banks, since such agencies are utilized by Commodity Credit Corporation in carrying out its price support operations.

2. Legal assistance required in connection with disposal programs was greatly increased due to the search for new outlets and methods of disposition of Commodity Credit Corporation record inventories of price support commodities. During the fiscal year 1956 commodities were disposed of having a value in excess of $2,000,000,000. Types of disposition included commercial sale (domestic and export), noncommercial sales and transfers to other Government agencies, barter and exchange, and donation. In connection with the expansion of varieties of disposal operations, new types of announcements and agreements were prepared such as those used in connection with special export programs providing for the sale and exportation of commodities for limited use abroad, for example, the reconstitution of milk. The processing, transportation, warehousing, financial, etc., arrangements in connection with these varied disposal operations gave rise to many legal problems which were handled by this Office.

3. This Office handled legal problems arising in connection with the purchase and donation, export and diversion programs, under authority of Section 32 of the Act of August 24, 1935, including the preparation or legal approval of regulations and procedures, contracts, donation agreements and other legal instruments, and the dockets authorizing or amending the programs.

4. Legal assistance was also given in connection with programs for the purchase and distribution of fruits and vegetables, peanut butter, beef and pork products under section 6 of the National School Lunch Act. The dockets authorizing the programs were reviewed and contracts, procedures and regulations were drafted or approved for legality.

Commodity Credit Claims and Litigation: There were further increases during fiscal year 1956 in claims and litigation work as a result of the increased price support activities and unprecedented inventories of agricultural commodities acquired by Commodity Credit Corporation during the past several years.

Many legal problems arose in connection with the settlement and adjustment of claims by and against the Corporation, which required legal services to administrative officials in analyzing the factual and legal issues involved, in preparing memorandum opinions, in advising the Contracts Disputes Board, and in conferring orally with administrative officials. Frequent participation by the Office was required in negotiations with opposing parties or their counsel, and the Office also prepared settlement agreements and other legal documents.

When claims cannot be settled by administrative procedures, they are referred by the Office to the Department of Justice for litigation. Also, matters involving substantial evidence of violation of criminal or civil frauds statutes are so referred. Referral of a case requires the obtaining of all needed evidence and documentation, the preparation of a letter setting forth an analysis of the facts and applicable law, the preparation of a form of suggested civil complaint, and, frequently, preparation of other pleadings.

In many instances, the work done in referral of a case to the Department of Justice is but a small part of the total work performed by this Office on the case. Because of the intricacies of price support activities and the complexities of many Commodity Credit Corporation cases, United States Attorneys and the Department of Justice, who must also handle large workloads for other agencies, have continued to call upon this Office for active assistance in the trial and preparation for trial of Commodity Credit Corporation cases. Because of insufficient personnel, the Office has been unable to comply with all such requests and has been compelled to limit the assistance so given to the more important cases.

The increased litigation workload of the Office is indicated by the fact that, in fiscal year 1956, 701 new cases were referred by the Office to the Department of Justice as compared with 423 cases referred the previous fiscal year. Six hundred seven Commodity Credit Corporation cases which had been referred to the Department of Justice were closed during fiscal year 1956, leaving 1,304 such cases pending in court or in the Department of Justice at the end of the fiscal year, as compared with 1,221 such cases pending at the end of fiscal year 1955. The amount of money involved in pending cases increased from 20 million dollars at the end of fiscal year 1955 to 21 million dollars at the end of fiscal year 1956.

The number of cases arising under Section 32 and School Lunch Programs was increased from 14 at the end of fiscal year 1955 to 16 at the end of fiscal year 1956.

Illustrative of the varied problems in the claims and litigation work handled by the Office are the following:

1. Claims by and against commercial warehousemen: Many legal problems and claims arise in connection with the commercial storage and handling of commodities owned or held by Commodity Credit Corporation. To the maximum extent practicable, these claims are settled administratively by Commodity Credit Corporation pursuant to the authority contained in the Commodity Credit Corporation Charter Act. Legal services by the Office are usually required in connection with such settlements. The complexities involved in individual claims sometimes require legal work extending over a period of several months. For example, one such matter occupied a substantial portion of the time of two attorneys for the last four months of fiscal year 1956 and will require a comparable amount of legal work during fiscal year 1957.

The Office participated in numerous conferences with the warehouseman, representatives of a number of banks which finance the warehouseman's storage, milling, and other business operations and with sureties on the warehouseman's bids. The Office drafted a complex financial agreement among the warehouseman, the banks, and Commodity Credit Corporation, two operational agreements for the warehouses involved, letters of consent for signature by the sureties, and participated in drafting instructions and procedures for handling operations during the interim while the permanent agreements were being negotiated. The Office is now engaged in working with counsel for the warehouseman in the preparation of deeds of trust upon real property of the warehouseman to secure his prospective indebtedness to Commodity Credit Corporation and in the examination of title to such real property. It is anticipated that the complex factual and legal issues and the conflicting interests of the many parties involved in this matter will require the constant attention of this Office until completion of load out of the facilities and full satisfaction of the Corporation's claims.

2. Grain shortage and deterioration cases: The numerous cases involving shortages and deterioration in warehouse-stored grain and other fungible commodities which have arisen since 1950 continued to occupy a major portion of the time of attorneys in the Office who handle Commodity Credit Corporation litigation. Thirty-one new cases were referred by the Office to the Department of Justice during fiscal year 1956. Twenty-nine pending cases were closed and collections totalling $1,300,000 were made during the 1956 fiscal year. At the end of fiscal year 1956, there were pending 103 warehouse cases involving upwards of $9,000,000, as compared with 101 such cases involving some $10,000,000 a year previously.

3. Fargo Grain Terminal, Fargo, North Dakota: This matter involves the rights of Commodity Credit Corporation against the warehouseman, the surety, and certain insurance companies, arising out of the loss and damage of wheat of the Corporation resulting from the explosion or collapse of a large concrete elevator. Commodity Credit Corporation's claim, after application of the salvage proceeds, is some $635,000. The Office has worked closely with Commodity Credit Corporation in connection with the salvage operations and the development of evidence with respect to the cause of destruction of the elevator. There are now pending a suit for declaratory judgment instituted by the insurance carriers in Federal district court in North Dakota against the warehouseman, Commodity Credit Corporation, and the banks which held mortgages on the elevator and a suit filed by the warehouseman in Federal district court in Nebraska against the insurance companies and the construction firm which erected the elevator. This Office has furnished assistance to the United States Attorney and to the Department of Justice in the handling of such litigation.

4. Litigation by and against carriers: With the tremendous volume of Commodity Credit Corporation commodities which must must be transported, it is inevitable that many law suits will arise with respect to loss and damage claims against carriers and freight charges. At the end of fiscal year 1956, 65 civil suits, involving some $3,000,000, by and against various railroads, trucking companies, and steamship lines were pending in court or in the Department of Justice. During the fiscal year 35 new carrier cases arose. The principal legal issues arising in the carrier cases related to problems with respect to the applicability to Commodity Credit Corporation of periods of limitation provided in commercial bills of lading and in the Interstate Commerce Act, to the right of the Corporation to retain collections made after expiration of the six-year period of limitations for suit in the Commodity Credit Corporation Charter Act, and to the proper measure of damages to be applied with respect to commodities lost or damaged in transit which were being shipped for disposal by donation or by sale at reduced prices.

5. Drought emergency feed programs: During the fiscal year 1956, a large number of reports of investigation and administrative files, relating to various violations, principally by feed dealers, of the 1953 and 1954 Drought Emergency Feed Programs, were reviewed by this Office, and legal advice was given to administrative officials with respect to the handling of these and other cases. Sixty-five of such cases were referred by the Office to the Department of Justice during the 1956 fiscal year. Seventy-two such cases, including several referred prior to the beginning of the 1956 fiscal year, were pending in the Department of Justice at the close of the fiscal year. Types of feed dealer violations have included, among others, the delivery of ineligible grain and unapproved feed

mixes to producers, the delivery of feed to ineligible persons, and the presentation of dealer certificates indicating deliveries of feed which, in fact, were never made.

6. Producer borrower cases: Operations under the price support program of Commodity Credit Corporation result each year in a large number of deficiencies on farm storage loans resulting from quantity shortages or quality deterioration. These cases are handled by this Office almost entirely in its field offices, which, when litigation is required, refer such cases directly to United States Attorneys. During fiscal year 1956, Commodity Credit Corporation referred to this Office 725 of such cases, making a total of 1,050 such cases to be handled during the fiscal year, including 325 cases pending in the Office at the beginning of the fiscal year. Of these the Office referred to United States Attorneys 416 cases and closed without referral 352 cases, leaving 282 cases pending in the Office at the end of the fiscal year. There were pending in court or in the hands of United States Attorneys at the end of fiscal year 1956, 701 cases involving in excess of $1,000,000 as compared with 661 such cases involving approximately the same amount a year previously. United States Attorneys closed 377 producer borrower cases during the fiscal year. Collections made by this Office and by United States Attorneys during the fiscal year amounted to more than $340,000.

One of the problems encountered in many producer shortage cases has been the difficulty of establishing whether apparent conversions of mortgaged commodities occurred while the property was mortgaged to Commodity Credit Corporation, or while mortgaged to private banks acting as lending agencies under the programs of the Corporation. Under the Commodity Credit Corporation Charter Act wilful thefts or conversions were a Federal offense only if they occurred while the property was mortgaged or pledged to, or owned by or in the possession of, Commodity Credit Corporation. The Commodity Credit Corporation Charter Act was amended by the 84th Congress (Public Law 864, approved August 1, 1956) to make it a Federal offense to wilfully steal or convert property mortgaged or pledged to a lending agency under a program of the Corporation. The amendment also reduces from a felony to a misdemeanor any such offense involving property of a value of $500 or less.

Foreign Agricultural Service: An activity of this Office which was greatly increased during the fiscal year 1956 was the legal assistance given with respect to programs under Public Law 480, 83d Congress. During the fiscal year 1956 thirty-eight major agreements or supplements thereto were entered into with 19 countries for the sale for foreign currency of surplus agricultural commodities of a value of approximately a billion dollars. These basic agreements gave rise to a large number of transactions and agreements between Commodity Credit Corporation and private exporters pursuant to which surplus commodities were sold and to many agreements which were entered into by Foreign

Agricultural Service in connection with programs which utilized foreign currencies derived from these sales to develop markets abroad for United States agricultural commodities. These agreements covered various types of activities to be carried out abroad, including surveys, educational and promotional projects, and the establishment of agricultural exhibits. The agreements were entered into with United States industry associations which, in some instances, contracted with foreign industry associations for the carrying out of the projects. The varied legal problems which arose from these operations were handled by this Office.

Tariff Commission Hearings: This Office also participated in the Department's presentations at public hearings conducted by the Tariff Commission in connection with its investigations under Section 22 of the Agricultural Adjustment Act of 1933, as amended, with respect to the imposition of restrictions on the importation of certain agricultural commodities, assisted in the formulation of basic import regulations, reviewed forms to be used, and consulted with officials of other Departments in connection with such activities. Legal advice was given on questions arising out of foreign trade agreements, customs laws affecting agricultural imports, and in the preparation of legislation affecting international trade and reports thereon.

Production and Adjustment Programs: Legal services rendered in connection with farm marketing quota and acreage allotment programs, agricultural conservation programs, including the Naval Stores conservation programs, crop insurance programs administered by the Federal Crop Insurance Corporation, and the sugar quota and payment program, included among others, matters concerning:

1. The drafting of proposed amendments to the Agricultural Adjustment Act of 1938, as amended, Federal Crop Insurance Act, as amended, the Soil Conservation and Domestic Allotment Act, as amended, and the Sugar Act of 1948, as amended.

2. The drafting of regulations in connection with marketing quota programs affecting cotton, (both Upland and Extra Long Staple) wheat, peanuts, rice, and tobacco (including Burley, flue-cured, cigar-filler and binder, fire-cured, dark air-cured and Virginia sun-cured and Maryland), the acreage allotment program for corn in connection with price supports and programs carried out under Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and the Sugar Act of 1948, as amended.

3. Legal assistance was furnished in connection with many administrative hearings before review committees appointed by the Secretary of Agriculture for review of acreage allotments and marketing quotas, and in connection with judicial review of review committee determinations. These activities included the preparation for and presentation of evidence before the review committees, and the preparation of

necessary pleadings and records to be filed in court by the review committees, and the drafting of briefs and legal memoranda for use of United States Attorneys in defending review committee action. Also, large numbers of review committee determinations were examined for legal sufficiency. Assistance was also furnished in respect to a number of public hearings in the administration of the Sugar Act. In addition to the usual number of cases involving the refund of payments illegally obtained under the agricultural conservation programs and the collection of tobacco and peanut marketing quota penalties the full impact of suits for collection of 1954 and 1955 wheat and cotton marketing quota penalties was felt during the fiscal year 1956. Hundreds of these cases were referred for court action under the arrangement completed with the Department of Justice for the direct referral of such cases from our field offices to United States Attorneys. Assistance in this respect included the preparation of all necessary pleadings and other court papers, and in the drafting of briefs and legal memoranda.

4. The drafting of regulations and contracts in connection with crop insurance programs, the collection of delinquent crop insurance premiums and the preparation of defense of numerous suits against the Federal Crop Insurance Corporation for indemnities.

Soil Bank Program: The new Soil Bank Program required considerable legal services during the fiscal year 1956. Legal assistance was required in the preparation of complex and major legislation authorizing the program and in the preparation and analysis of numerous substitute bills and amendments. Many important interpretations of the legislation as finally enacted had to be made in the formulation and development of the program for 1956. The new program also required the rendering of opinions and advice with respect to many other important and novel legal problems. Legal assistance was also necessary in the preparation of new basic regulations, contracts, instructions, forms, and procedures to implement the program.

Marketing and Regulatory Laws: The legal work performed during the fiscal year 1956 in connection with the programs in this field administered by the Department reached a new high due largely to the increase in the number of hearings incident to the expansion of the marketing agreement and order programs and reparation and disciplinary proceedings under the Perishable Agricultural Commodities Act of 1930, as indicated by the following examples:

1. During the fiscal year 1956 formal hearings were held in connection with 5 new milk orders and 94 amendments to existing orders and 12 hearings were held in the fruit and vegetable field, representing a substantial increase in hearing work under this program. Eight new milk orders and 2 new fruit and vegetable orders were made effective resulting in 100

programs (66 milk and 34 in the fruit, vegetable, etc. field) at the close of the fiscal year, a new high in the number of programs being serviced. The number of active programs has increased each fiscal year since 1949 when there were 54 active programs, the total increase amounting to 103% in milk orders and 54% in fruit, vegetable and related orders. Eighty-four amendments to existing orders were promulgated and certain provisions of 19 orders were suspended or terminated. At the close of the fiscal year proceedings in connection with 9 new programs were pending in various stages of completion.

On June 30, 1956, 62 court and 19 administrative proceedings were pending, involving important issues requiring comprehensive, factual and legal analysis and presentation before judicial and administrative tribunals. The number of such proceedings will continue at a high level due to the increasing number of outstanding programs.

2. Under the Perishable Agricultural Commodities Act 292 cases were instituted during the fiscal year 1956 as compared with 244 cases in 1955. During the year 288 cases were disposed of, as compared with 235 cases in fiscal year 1955. There were 155 cases pending at the end of the fiscal year.

The number of disciplinary cases filed in the fiscal year 1956 was almost double the number filed in the fiscal year 1955. These cases require a considerable amount of work in connection with the preparation of pleadings, presentation of evidence and briefing and argument after hearing.

Public Law 842, 84th Congress, 2nd Session, will greatly increase the legal work required in connection with the Perishable Agricultural Commodities Act. That law has (1) broadened the basis upon which licenses may be granted or refused, (2) expanded the authority with respect to misbranding, (3) enlarged the authority to inspect books, records and commodities to determine violations, and (4) authorized an increase in the license fee to finance a more vigorous enforcement program. The expanded authority will result in many additional license application and disciplinary proceedings which must be handled in conformance with the formal adjudication requirements of the Administrative Procedure Act.

3. The increased workload in connection with the Animal Quarantine laws continued during fiscal year 1956, and it is expected that there will be a substantial further increase during the current fiscal year and fiscal year 1958. Forty-five criminal cases were forwarded to the Department of Justice during the year and approximately 75 additional cases were submitted to this Office for consideration but were not forwarded to the Department of Justice during the fiscal year.

either because of the necessity for further investigative action or the limited personnel available to prepare the cases. A new regulatory program relating to brucellosis was developed to become effective on January 1, 1957, and existing control, eradication, and enforcement programs were further strengthened and expanded which will result in additional enforcement actions. A considerable amount of work was also performed during fiscal year 1956 in connection with legislative proposals relating to the Animal Quarantine activities.

4. The volume of work with reference to the Commodity Exchange Act and transportation cases was approximately the same as in fiscal year 1955. It is anticipated that the work under the Commodity Exchange Act will increase as the result of amendments adding wool and onions to the commodities regulated and changing the standards and definitions with respect to hedging under the Act.

5. The number of cases arising under the Packers and Stockyards Act, 1921, during fiscal year 1956 was approximately the same as in fiscal year 1955. It is anticipated that there will be a substantial increase in such work during fiscal year 1958 as a result of a three-year posting program which has been initiated. At the end of the fiscal year 1956 there were approximately 340 posted stockyards and over 300 additional stockyards were eligible for posting. Approximately 100 additional stockyards will be posted during fiscal year 1957 and it is anticipated that another 100 will be posted during fiscal year 1958, resulting in hundreds of additional market agencies and dealers being subject to the Act with resulting increase in legal work. In addition, the Department is making various important investigations of monopolistic practices by persons subject to the Act and market-wide investigations of trade practices which will result in a substantial volume of important and complicated administrative and court proceedings and other legal work. The workload for the past two years has resulted in an increased backlog of cases awaiting attention.

6. The increase in voluntary and mandatory use of official standards in commerce continued to result in the promulgation of standards for additional new commodities and more frequent amendments to existing standards with an increase in the legal work required. At the end of the fiscal year 1956 over 400 of such official standards were effective. During each fiscal year additional new official standards are issued and standards are revised or amended. At the close of the fiscal year a number of rule-making proceedings relating to the issuance or amendment of such standards were pending. The increase in the importance of the inspection service in the conduct of business and in price determination has resulted in greater importance being attached to administrative proceedings in matters of denial of inspection service.

Agricultural Research and Staff Legal Services: Furnishing legal advice and assistance in connection with general departmental administration, and the activities of the Agricultural Research Service and Farmer Cooperative Service and furnishing special assistance to the General Counsel, including recent activities as follows:

1. The Act of August 11, 1955, consolidating the laws relating to appropriation of federal funds for the support of Agricultural Experiment Stations in the States, required considerable attention.

2. The bonding program established by the Department under the authority of the Act of August 9, 1955, required consideration, interpretation, and assistance at Department and interdepartment levels as to the coverage of the bond, the obligation to be imposed, and internal instructions for the operation of the program.

3. The enactment of the Agricultural Act of 1956 (Public Law 540, 84th Congress), necessitated a review of existing delegations of authority and assignment of functions to determine which of the functions authorized by the Act were covered by existing assignments and which would require additional delegations and assignment of functions.

4. The Department of Agriculture Organic Act of 1956 was based on language prepared by this Office and the Office of Budget and Finance after a complete review of appropriation acts to determine what items were not supported by basic authority.

5. The restoration of a number of employees subsequent to the Roth v. Brownell decision presented questions concerning the proper computation and payment of compensation for the period of separation and consideration of the proper method for withholding tax and other deductions, as well as handling the refund of lump sum leave payments in connection with the period of separation.

6. This Office acts as the Department's Legal Security Officer and also assists the General Counsel in the several functions performed by him under the Department's security regulations. Developments during the year including the decision of the Supreme Court in Cole v. Young necessitated special attention.

7. Numerous alleged mistake-in-bid cases were reviewed under the authority of Secretary's Memorandum No. 1387, placing in the General Counsel the authority to determine the action to be taken in such cases. This authority was delegated to the Department by the Comptroller General on October 3, 1955. In connection with this work there was prepared

a compilation and analysis of Comptroller General decisions and court cases involving alleged mistake-in-bids.

8. There was prepared a summary of the express functions of the President affecting this Department which have not been delegated.

9. Review of Administrative Regulations and revision of contract forms, particularly the Regulations on contracting and procurement occupied considerable time. Also considerable attention was given to assisting Contract Appeals Boards.

10. For Farmer Cooperative Service, this Office prepared a revised text of the educational circular "Forming Farmer Cooperatives," and material on the legal foundations of cooperatives for its FCS Bulletin 1, "Farmer Cooperatives in the United States." It participated in five meetings of national or regional scope and submitted educational material on the income tax and other legal aspects of farmer cooperatives. It continued to prepare a periodic summary of decisions affecting cooperatives for distribution by the Service.

11. Claims and suits against the United States based on negligence of Department personnel continue to necessitate substantial legal services. The complexity of such claims is reflected by a suit for some $320,000 brought against the United States, the University of Vermont, and an Extension Service agent, by the administratrix of a person killed in a motor collision with a 4-H Club agent employed under the State-Federal Extension Service. The relationship of the State Extension Service to the Federal Extension Service and the tort liability of the United States arising out of such relationship poses a new aspect as to liability of the United States for actions of persons connected with program activities through cooperative undertakings.

13. In the first case of its kind ever to go beyond a Patent Office decision, the priority of a patent held by a Department employee on the production of Mushroom Mycelium was challenged in a case (Szuecs v. Humfold) tried de novo in the United States District Court for the District of Columbia on November 26-29, 1955. A decision adverse to the Government is now on appeal.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allotment from:			
Disaster Loans, Etc., Revolving Fund, Department of Agriculture -			
For legal services in connection with disaster loans, fur loans, and the liquidation of the Regional Agricultural Credit Corporation assets	$24,312	$25,000	$26,600
Soil Bank Program, Agriculture -			
For legal services in connection with the acreage reserve and conservation reserve programs	- -	175,000	175,000
Obligations Under Reimbursement From Governmental and Other Sources -			
Salaries and Expenses:			
Sale of personal property	693	1,200	1,200
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	25,005	201,200	202,800

OFFICE OF THE SECRETARY

Purpose Statement

The Department of Agriculture was established as an executive department by the Act of May 15, 1862. The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs the work of the Department, formulates and develops policy, integrates the several programs of the Department, maintains departmental relationships with agricultural organizations and others in the development of farm programs, renders administrative decisions in regulatory proceedings pertinent to Department programs, and maintains close liaison with the Office of the President and with members of Congress on all matters pertaining to legislation and policy in order to insure effective performance of the agricultural programs.

The following specific departmental functions are also included in the Office of the Secretary:

Personnel administration and service is carried out by the Office of Personnel which serves as a staff agency of the Secretary having responsibility for the personnel management program of the Department. This includes position classification, job evaluation, salary and wage administration, recruitment, examination, placement, retirement, separation, leave, awards program, performance ratings, employee relations, training, personnel security, safety, organization, investigation and health. The Office has responsibility for the development of personnel policy for the Department, and for executing and interpreting the intent and policies expressed in over 200 laws, various executive orders, and the rules, regulations, policies and decisions of the several agencies of the Government in the field of personnel management. In carrying out these responsibilities, the Office delegates substantial authority to agencies within the Department for the operational phases of the appointment, classification and disciplinary activities. Policy and basic procedures developed by the Office are carried out through agency personnel offices. In addition to the continuous day to day contacts on specific problems, the Office conducts a systematic and periodic review to insure unification of the personnel management program and to measure its effectiveness and how well it serves the agencies' personnel management requirements. The Office acts as Department liaison on matters of personnel administration with all governmental or private agencies concerned with the work of this Office.

Budgetary and financial administration and service is carried on by the Office of Budget and Finance which serves as a staff agency of the Secretary in carrying out departmental functions relating to over-all administration of the budgetary, fiscal, and related affairs of the Department. It has responsibility for providing leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds; accounting; internal auditing and program appraisal, budgetary and financial reporting, organization and management phases of budget and fiscal activities, and related matters.

The Office also has responsibility for formulating and promulgating departmental policies and procedures relating to the above functions, including the review and evaluation of program and legislative proposals for budgetary, financial, and related implications, and, in cooperation with staff and program agencies, for obtaining improvements in the management and operation of work programs administered by the Department. The Office acts as Department liaison on all such matters with the Bureau of the Budget, General Accounting Office, Treasury Department, and others. It also provides liaison with Congressional Committees on Appropriations.

General operations are carried on by the Office of Plant and Operations which serves as a staff agency of the Secretary exercising general staff management direction of the housing of the Department's activities, including technical services incident to the design and approval of construction projects related thereto, contractual authority as it pertains to the leasing of commercial space and matters concerned with acquisition, utilization, inventory and disposition of real property; procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment, and related activities. It coordinates, in the field, the activities of the Area Agricultural Equipment Committees to insure maximum effective utilization of administrative supplies and equipment owned and procured by the Department. The Office is responsible for administration of the records management program for the Department, including the coordination of records management activities of all agencies of the Department. It serves as Department liaison with other Government agencies on matters pertaining to its functions. The Office performs administrative service functions for the Office of the Secretary and also operates certain Departmental services in the District of Columbia, including telephone, telegraph, reproduction, duplicating, addressing and mailing, central storage and distribution of supplies and forms, and the Departmental post office.

Regulatory hearings and decisions include the work of the Office of Hearing Examiners and of the Judicial Officer. The Hearing Examiners carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department. In general, the examiners make reports, recommend decisions, and perform such related duties as are required by the Administrative Procedure Act, and statutory provisions, regulations, and rules of practice applicable to their work.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer, has the responsibility for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial

and administrative proceedings under various regulatory laws administered by the Department. The Unit issues notices of hearings, serves upon parties concerned any documents required in connection with such proceedings, arranges for suitable places for hearings to be held and for appropriate stenographic reporting, and maintains a docket record of all documents and proceedings.

The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953. It reviews national agricultural policies and the administration of farm programs, and makes recommendations to the Secretary of Agriculture for the betterment of such policies and programs. It is composed of 18 members, not more than nine of whom shall be members of any one political party, and at least 12 of whom must be representative farmers from the several geographic sections of the United States. Members are appointed for a term of three years and appointments are staggered so that six appointments are made each year. The Commission meets at the call of the Secretary of Agriculture at least once during each quarter of each calendar year.

On November 30, 1956, employment in the staff offices comprising the Office of the Secretary under this appropriation consisted of 322 employees, 319 of whom were in Washington and 3 in the field. In addition, there were 167 employees under the Working Capital Fund under which certain central services are performed for other agencies on a reimbursable basis.

	Estimated Available, 1957	Budget Estimate, 1958
Appropriated funds	a/ $2,523,400	$2,726,000

a/ Includes a proposed transfer of $23,400 from other appropriations of the Department for Executive Pay Act costs (P.L. 854).

(a) Salaries and Expenses

Appropriation Act, 1957	$2,500,000
Anticipated Transfer in 1957 from other appropriations, for Executive Pay Act costs (P. L. 854)	23,400
Base for 1958	2,523,400
Budget Estimate, 1958	2,726,000
Increase	+202,600

SUMMARY OF INCREASES, 1958

For overall coordination and leadership of Rural Development Program	+11,165
To strengthen secretarial assistance, meet increased costs of printing and reproduction work and provide for other minimum annual operating needs of the Immediate Office of the Secretary	+18,225
For expenses of the Honor Awards Program	+3,100
For field hearings on appeals and complaints arising from the work of the Forest Service and for additional travel expenses	+25,700
For expenses of the National Agricultural Advisory Commission members	+3,750
For contributions to retirement fund pursuant to Public Law 854	+140,660

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease: Retirement Costs (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
1. General administration	$511,940	$548,993	+$30,327	+$29,390(1)	$608,710
2. Personnel administration and service	603,414	633,014	+34,366	+3,100(2)	670,480
3. Budgetary and financial administration and service	611,213	613,498	+35,042	- -	648,540
4. General operations	572,509	573,475	+32,775	- -	606,250
5. Regulatory hearings and decisions	143,677	142,920	+8,150	+25,700(3)	176,770
6. National Agricultural advisory commission	12,516	11,500	- -	+3,750(4)	15,250
Unobligated balance	10,844	- -	- -	- -	- -
Total retirement costs (P.L. 854)	- -	- -	[+140,660]	[+2,280]	[142,940]
Total available	2,466,113	2,523,400	+140,660(5)	+61,940	2,726,000
Advanced from "Administrative expenses, Commodity Credit Corporation"	-90,500	- -	- -	- -	- -
Subtotal	2,375,613	2,523,400	+140,660	+61,940	2,726,000
Activities transferred in 1957 estimates from other appropriations	-93,313	- -			
Anticipated transfer from other accounts for Executive Pay Act costs (P. L. 854)	- -	-23,400			
Total appropriation or estimate	2,282,300	2,500,000			

INCREASES

(1) General administration - An increase of $29,390 consisting of:

(a) An increase of $11,165 to provide overall coordination and leadership of the Rural Development program.

Need for Increase: In order to provide overall coordination and leadership of the Rural Development Program it is necessary that an experienced person be assigned on a full-time basis to assure that all the agencies participating in this program are working effectively within the overall goals. Pilot counties have been designated under the Rural Development Program in 24 States. The program concerns a number of Federal agencies in addition to the Department of Agriculture. It involves special agricultural extension work with low income farm families; credit for small farmers and part-time farmers; increased technical assistance for these farmers; industry expansion in these areas; strengthened employment services adapted to the needs of rural people; vocational training in different skills for the children; and community development activity and local leadership as basic to the entire program at the county level.

Adequate overall coordination is necessary to make these programs successful. Rural Development Program planning and effective cooperation between departments and agencies having a role in the program is of prime importance. In order that the Secretary of Agriculture can properly implement his responsibilities for general oversight and direction of the program, an increase in this item is needed. The necessity for keeping the program moving in a coordinated manner, makes it essential that the Secretary have someone under his immediate supervision who can give full attention to the general direction of the program at the Federal level.

(b) An increase of $18,225 to strengthen stenographic assistance, meet increased costs of printing and reproduction work, provide for minimum annual equipment and supply needs of the Office, and assure adequate funds to enable the Secretary and other Departmental staff members to meet and consult in the field with farmers, farm and other organizations and field personnel of the Department of Agriculture.

Need for Increase: The limited stenographic staff of the Immediate Office of the Secretary has resulted in an undue amount of overtime, has caused delays in getting the work out promptly, and has necessitated details of temporary assistance to overcome work-loan accumulations. Additional full-time help is required if pressing problems and critical issues are to be handled expeditiously.

Since costs of miscellaneous supplies and office equipment have increased and printing and processing costs have risen, it has become necessary to seriously curtail procurement of these items, thus deferring until a later date acquisition of items essential to continued effective operations.

Numerous small increases in operating costs, including group life insurance, without offsetting increases in appropriations have also contributed to the problem. When the per diem rate for Government travel

was increased from $9.00 to $12.00, the Office of the Secretary absorbed the additional cost, and no increase in appropriations was requested. However, this has resulted in placing serious limitations on the ability of top Departmental staff officers to discharge properly those responsibilities that require contacts with people away from Washington, including farmers, farm and other organizations, representatives of State and local governmental bodies, and field personnel of the Department.

The small increase requested would help substantially to strengthen the effectiveness of the operations of the Immediate Office of the Secretary.

(2) Personnel Administration - An increase of $3,100 for the Honor Awards Program.

Need for Increase: The Department encourages all employees to participate in the common task of improving the efficiency, economy and effectiveness of the Department's operations. In recognition of outstanding achievements, contributions and accomplishments, the Department, on a selected basis, bestows honorary awards at public ceremonies. These consist of Distinguished and Superior Service Awards on an individiual and unit citation basis. Medals, plaques, lapel emblems and certificates are presented to the employees in recognition of their achievements and participation.

The costs of this program are divided into two parts; (1) the costs of the program itself, and (2) the cost of the medals, plaques, etc. The Office of Personnel has $2,400 allotted to this program at the present time which defrays expenses such as programs, art work, travel, speaker system, folders, engraving, etc. The cost of medals which is the second part of the expenses is approximately $3,100 each year.

Since the initiation of this program, it has been possible to absorb the costs of the medals, etc., used in this program. However, increased costs in recent years, such as increased travel costs under the Travel Expense Act, and group life insurance, increased costs of supplies and gradual expansion of the Honor Awards Program make it necessary that the additional $3,100 be provided for the purchase of the medals, plaques, emblems and certificates. Continued absorption of the costs of the materials used in the Honor Awards Program would require further curtailment in essential personnel services.

The proposed increase would provide for the purchase of the following:

Medals, emblems and boxes	
Distinguished (8)	$330
Superior (150)	1,215
Plaques (Unit citations)	
Distinguished (2)	45
Superior (25)	600
Certificate Supplies	260
Length of Service emblems (40-50 year)	50
Printing Certificates	600
	3,100

(3) Regulatory hearings and decisions - An increase of $25,700 consisting of:

(a) An increase of $21,200 for field hearings on appeals arising from the work of the Forest Service.

Need for Increase: Under existing regulations (36 CFR 211.2), persons or organizations may appeal a decision made by a Forest Service official in connection with the work of the Forest Service. For example, a permittee may wish to appeal a decision of a Forest Ranger on matters affecting the permit, or a timber sale purchaser may wish to appeal a decision by a Forest Service official with respect to a timber sale. The line of appeal is Forest Supervisor, Regional Forester, Chief of the Forest Service, and the Secretary of Agriculture. Under this procedure the appellant is afforded an opportunity to present his case at a hearing. These hearings are informal in nature and usually consist merely of the appellant either sitting down with the Forest Service officer and presenting his side of the case orally or submitting his case in writing. The Government's side of the case is not presented at such hearings. Therefore, the decision of the officer before whom the appeal is pending is not based entirely on the record of the hearing.

It is believed desirable to provide for a formal-type hearing on appeals from decisions of the Regional Forester to the Chief of the Forest Service upon the written request of the appellants with respect to certain matters affecting the National Forests, in which the appellants have or are seeking a contractual relationship with the Government. The record of these hearings will contain all the testimony and evidence of the case for both sides, and the decision of the Chief of the Forest Service will be based solely on the record as presented at the hearing. The usual rules of evidence will apply. Because of the importance of such hearings it is highly essential that the presiding officer be well qualified to conduct the hearings and have no previous knowledge of any of the facts or allegations of the case. The proposed increase would provide for the salary of a hearing examiner who would preside over these hearings. The increase would also provide for necessary secretarial assistance and miscellaneous expenses.

(b) $4,500 for additional travel expenses for the Office of Hearing Examiners.

Need for Increase: Under the Administrative Procedures Act, hearings are required to be held under the following Acts: Agricultural Marketing Agreement Act; Perishable Agricultural Commodities Act; Warehouse Act; Sugar Act; Commodity Exchange Act; Packers and Stockyards Act; and Market Inspection of Farm Products. In fiscal year 1954 there were 127 such hearings held and the actual travel obligation was $12,124. In fiscal year 1955 there were 94 hearings held with a travel obligation of $10,634. In fiscal year 1956 there were 93 hearings held and the travel costs were $11,406. The average for these three years is $11,388. There have been 47 hearings held through November 30, 1956, and 27 hearings scheduled through February 1957. It is anticipated that there will be approximately 115 hearings held during fiscal year 1957. However, the number of hearings does not indicate the total travel cost since the duration of many of the hearings has an important effect on the travel costs of the Office. One hearing alone has taken 74 days to date,

and it is still not completed. This is a hearing on the handling of milk in the New York-Northern New Jersey metropolitan marketing areas. Another hearing on the handling of milk in the Philadelphia area, which is now in progress, has already taken more than 36 days.

It is expected that the number of marketing agreement orders will increase in fiscal year 1958, since these agreement orders are becoming an important instrument being used by producers and the industry to bring about greater stabilization in the marketing field. Requests for new orders and amendments to existing orders necessarily create additional travel costs. Based on the amount available for travel in this item, $4,500 additional is urgently needed for this purpose. The Office of Hearing Examiners has not had adequate funds to pay for travel costs involving hearings held during the past two years. The requested increase of $4,500 is therefore essential in order to carry out the required work of the office and promptly dispose of any pending hearings since delays often work to the disadvantage of farmers.

(4) National Agricultural Advisory Commission - An increase of $3,750 for expenses of Commission members.

Need for Increase: The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953. This Commission is composed of 18 members who review national agricultural policies and the administration of farm programs, and make recommendations thereon to the Secretary of Agriculture. Of the members first appointed, one-third were for the term ending January 31, 1955, one-third for the term ending January 31, 1956, and one-third for the term ending January 31, 1957. New members are appointed for a term of three years. They do not receive a salary. The amount appropriated in this item for the Commission is to cover travel and per diem costs only.

Executive Order 10450, approved April 27, 1953, established security requirements for Government employment. Sec. 8 (c) of said order states . . . "The investigation of persons (including consultants, however employed), entering employment of, or employed by, the Government other than in the competitive service shall primarily be the responsibility of the employing department or agency." It is necessary for this Department to order all investigations of new members from the Federal Bureau of Investigation for which reimbursement is made. The cost of these investigations approximates $625 per case. Since six new members are appointed each year, in order to provide the necessary funds for this purpose, an increase of $3,750 is required to cover this additional cost.

(5) An increase of $140,660 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses of the Office of the Secretary of Agriculture [,including the purchase of one passenger motor vehicle for replacement only]; expenses of the National Agricultural Advisory Commission; stationery, supplies, materials, and equipment; freight, express, and drayage charges; advertising of bids, communication service, postage, washing towels, repairs and alterations, [uniforms or allowances therefor, as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131),] and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture; [$2,500,000] $2,726,000.

The first change deletes language authorizing the purchase of one passenger motor vehicle for replacement since it is proposed to change the language of Sec. 501 of the General Provisions in such manner as to enable the Department to replace a motor vehicle for the Office of the Secretary within the general limitation on such replacements in Sec. 501 applicable to the Department as a whole. Accordingly, it will not be necessary to include language in the appropriation for the Office of the Secretary for this purpose.

The second change deletes the language authorizing payment for uniforms or allowances therefor since it is proposed to add a new section in the General Provisions authorizing payment for uniforms or allowances therefor. Consequently, it will not be necessary to retain such authority in the language of this appropriation.

STATUS OF PROGRAM

1. General Administration

The Immediate Office of the Secretary has broad executive responsibility for the development of national agricultural policies and the general management of the Department of Agriculture, within the framework of laws enacted by the Congress and regulations promulgated by the President. It coordinates the activities of the Department's constituent agencies into a unified agricultural program, designed to achieve, efficiently and effectively, the goals for American agriculture established by the Congress and the President.

In fulfilling these responsibilities and obligations, the Immediate Office of the Secretary provides general leadership and direction to the Department's agencies. Policies and plans are formulated and adapted to complex changing conditions in the Nation's economy. Progress of agricultural programs is continuously evaluated to insure that accomplishments are consistent with the Department's prescribed objectives and with established standards of sound management. Program and management problems with special significance and broad implications are given careful attention to assure their constructive resolution in a manner consistent with over-all policy.

During the past year, the Department of Agriculture has been confronted with a series of critical and complex farm problems, which have required decisive application of the full resources of the Department and the experience and skills of its personnel. Some of the more important of these were:

Market Development and Surplus Disposal. The Office of the Secretary continued to give special attention to the problem of dealing with surpluses and finding markets for farm products. Program policies have been designed to stimulate more effective and rapid movement of agricultural surpluses. The departmental staff works closely with other Government and international agencies to coordinate disposal programs within the framework of the Administration's policy.

Considerable progress has been made in developing outlets for surplus stocks. An increasing volume of commodities is being moved into useful channels through domestic and export sales, sales to foreign governments, barter, donations, and transfers to other Government agencies. Substantial quantities of surplus foods were used in emergency assistance following the hurricanes and floods in the Northeast and Southeast and the floods in Mexico and California.

Increased emphasis has been placed on international trade to promote the export of agricultural commodities. Every effort is being made in the Department to continue the expansion of foreign markets by the Government and through private trade channels. Last year over $3,000,000,000 worth of farm products were sold abroad. Foreign deliveries were further

increased by shipments abroad to support the President's offer of food to help the victims of Europe's severe winter.

Part of the foreign currencies obtained from sales under Title I of Public Law 480 are being used for the development of new outlets abroad as authorized by the law. Participation in trade and food fairs has also received increasing attention in policy determinations by the Department staff as an important and growing part of the Department's general market development program.

Rural Development Program. This is a new program, directed at the special problems of low income farm areas and designed to meet the needs of rural people in such areas for technical and credit assistance, training in part-time farming, and the promotion of business and industry. The objective is to marshall resources at the local level to meet these needs under the leadership and guidance of the Federal Government.

Basic policy concepts have been developed at the Secretarial level for the guidance of participating groups, which include State and local authorities as well as the following agencies of the Department of Agriculture: the Federal Extension Service, Agricultural Research Service, Agricultural Marketing Service, and Farmer's Home Administration. In addition, the Departments of Commerce, Health, Education and Welfare, Interior, and Labor contribute valuable assistance in specialized fields.

To facilitate adequate coordination and integration of the efforts of all groups, the Office of the Secretary held extensive policy and work conferences and meetings with State and field personnel to exchange ideas and establish a common understanding of the goals and methods of the program. As a result, 24 States are moving forward with planned programs specifically designed for designated counties.

Alleviating Drought Problems. Continuation of the drought in the West, particularly in the Great Plains area, has created severe hardship conditions on farmers and ranchers. Regular programs of the Department have been adjusted to meet critical needs in the Great Plains area and special leadership has been provided by the Secretary's Office in all drought and other disaster programs. Crop insurance, credit, cost-sharing in conservation work, education and technical assistance are all important factors in developing a better land-use program for the Great Plains. In an effort to alleviate these problems, the Department was enabled by Federal legislation to mobilize its resources through conservation program contracts with farmers and ranchers for periods up to 10 years.

Soil Bank Program. This program, authorized by Public Law 540, 84th Congress, provides special means for reducing farm surpluses, improving farm income, and acceleration of conservation practices. To insure its rapid and effective implementation, the Department integrated the program within the existing organization structure. Functions and responsibilities were assigned to departmental agencies best able to carry out the purposes of the legislation. Over-all policies and plans were

developed and coordinated to give effect to the legislation and to enable the agencies to plan and conduct their day-to-day operations on a consistent and uniform basis. Policy problems and agency relationships are receiving continuing attention by the Secretary's staff.

Major responsibility for the Acreage Reserve aspects of the Program have been assigned to the Commodity Stabilization Service by the Secretary. This part of the program permits growers of wheat, cotton, corn, tobacco, rice, and peanuts to take acres out of production without loss of net income.

The Conservation Reserve aspects of the program have been assigned to the Agricultural Conservation Program Service. This is a long range activity providing for three to fifteen-year contracts, wherein the farmer agrees to remove land from crop production and devote it exclusively to conservation practices. In return, the Federal Government will pay to the farmer about eighty-percent of the cost of installing these practices, together with an annual rental payment.

In addition, other Department agencies, including the Agricultural Conservation Program Service, Forest Service, and Soil Conservation Service, have been assigned responsibility for technical and other assistance in implementing the Soil Bank Program. State and County Agricultural Stabilization and Conservation Committees are responsible for adopting and administering the program in the light of local needs.

Research and Education. Under general leadership of the Office of the Secretary the expanded program of research and education was further advanced during the year. Plans were developed and carried out for continuing a strengthened cooperative program of research and education with the Land Grant Colleges. Other interested Government and public agencies were consulted, and general plans coordinated in the Secretary's Office to assure that the Department's programs would be carried out in a cooperative and effective manner for the benefit of the Nation's agriculture.

Additional funds for research provided by the Congress helped the Department to accelerate scientific investigations aimed at new uses and wider markets for farm products, especially those in surplus supply; to make livestock production more efficient; to develop better forage crops, especially for the Great Plains area; to speed up soil conservation studies; and to strengthen work in forestry and utilization of wood and wood products. In the field of marketing research, much emphasis was placed by the Secretary's staff on the study of price spreads between producer and consumer, and of their component costs.

Educational work in cooperation with State and county governments was further strengthened during the year by bringing to farm people research results, situation and program facts, and late developments in home economics to help them apply the most up-to-date findings on their own farms. Major emphasis was placed on the total farm and home unit approach with special attention given to the components of cost-price relationships and marketing problems.

2. Personnel Administration and Service

The Office of Personnel is the staff office of the Secretary responsible for the general direction, coordination and administration of the Department's personnel management program. Broad responsibilities affecting classification, salary administration, classification specifications, employee performance and development, employment, recruitment, placement, examination, separation, retirement, organization, personnel management, personnel investigations, employee health, personnel security, and employee safety are assigned to the Office. The Office delegates authority to the agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations, develops and administers standards and uniform practices for all phases of personnel management, issues written instructions to agencies concerning regulatory and administrative policies and procedures, and reviews personnel activities of agencies having such delegations of authority.

The following examples are representative of the continuing problems with which the Office must deal, along with the fundamental function of planning and administering an effective personnel management program for the Department:

Recruitment and Placement. A positive program of circulating information of vacancies on a Department-wide basis to encourage qualified employees to make themselves available for consideration has been placed in continuing operation. Rosters of eligibles are established which are used in filling specific vacancies. Applications of unsuccessful candidates are retained for continuing consideration for subsequent vacancies.

The program for competitive examination of Department employees who have potential for, and desire to enter, administrative positions at the GS-5 and GS-7 levels is being coordinated with the Federal Service Entrance Examinations. The Civil Service Commission's examination is used as the examining vehicle since the two programs are aimed at recruiting well qualified people of the same caliber and potential.

The field organization to meet recruitment needs of the Department was materially strengthened during the past year. The USDA Recruitment Representative in each State and Territory keeps abreast of recruitment needs and serves as a contact point in his assigned territory. Some agencies have designated field employees to assist in locating and interesting well-qualified people for specific types of work. Recruitment representatives are supplied with the latest information on the programs of the Department and the types of individuals needed to carry out this work. Similar information is supplied to officials of colleges and universities for their use in counseling interested students.

Examination Program. During 1956 new qualification standards were developed for 10 types of competitive positions peculiar to the Department. Standards were revised or completely rewritten for 25 types of positions. These standards were included in probational examination specifications

containing all the necessary background information on which to base a competitive civil service examination.

The Student Trainee Programs are an important part of the total recruitment effort. These are programs for undergraduate college students who are enrolled in a curriculum designed to qualify them for professional positions in this Department. The objective is to supply on a regular basis a group of young college graduates who are adapted to the work for which chosen and who have decided on a career in Federal Service. Trainees work under professional guidance in a program which includes on-the-job training alternating with their scholastic training at a college or university. The program is well established in the fields of Soil Conservation, Range Conservation, Soil Science, Engineering, and Veterinary Medicine. It has been expanded to the fields of Agricultural Economics, Agricultural Statistics, Biology, Entomology, Plant Pest Control and Plant Science. Studies are being made of other fields which would be included in the program during the coming year.

The Boards of U. S. Civil Service Examiners for the Department provide complete examination coverage for professional, scientific, and technical positions peculiar to the Department. This includes the issuance of examination announcements, grading of papers, and the maintenance of registers of eligibles. A total of 56 examination announcements were issued, and over 22,600 applications were received and rated through this board system during 1955. This workload represented an increase of 47% over 1954.

Further progress has been made in the development of a coordinated examination program designed to meet current recruitment needs for all types of professional, scientific, and technical positions peculiar to Agriculture. Open competitive examinations are provided, with positions requiring similar qualifications being covered in separate announcements. This facilitates the administrative work and permits recruitment efforts for the various positions to be directed to the most appropriate source in the most effective manner.

Investigations and Disciplinary Actions. June 30, 1956 completed the first year of operation since the functions relating to the conduct of personnel investigations were transferred from the agencies of the Department. During fiscal year 1956, this Office conducted 190 investigations of employees suspected of being involved in fiscal irregularities, prohibited political activity, discrimination, Government automobile accident cases involving misuse of Government vehicles, intoxication on duty, and other types of misconduct.

This Office also handled 717 disciplinary cases of which 246 resulted in letters of reprimand, 78 in suspensions, 98 in removals after preferment of charges and other types of terminations, 77 resignations of employees not in good standing, and 218 in which no disciplinary action was found to be warranted.

Classification Standards. The Department cooperated with the Civil Service Commission in the development of classification standards

projects covering twenty-five series during the Fiscal Year 1956. Studies undertaken involved (1) occupational reviews resulting in the clarification of existing definitions of occupational groups and series, (2) preparation or review of drafts of new or revised series definitions, and (3) participation in actual development of standards and review of drafts of proposed standards prepared by the Civil Service Commission.

Priorities on new standards projects and on revision of published standards were established during the year for (1) series covering positions unique to the Department, and (2) suggested priorities on covering positions of an interdepartmental nature. The priorities applied to (a) classification standards, (b) qualification standards, and (c) a combination of both (occupational standards). The establishment of priorities on classification standards and qualification standards was done to assist the Civil Service Commission in the establishment of its priority schedule on projects of an interdepartmental nature, and to assist the Department in planning the development of standards covering positions unique to the Department.

Recommendations have been made to the Commission for the development of 10 series of an interdepartmental nature in which the Department has an interest. During the fiscal years 1957 and 1958 the Office plans to participate with agencies within the Department in the revision of approximately fifteen series covering positions peculiar to the Department.

Job Allocations. The job allocations workload continued at a relatively high rate in fiscal year 1956, and increased 72% over fiscal year 1955. A total of 727 allocation actions were handled during the year, which represented, primarily, key positions at GS-14 and above.

A special plan for evaluation of Agricultural Attache positions transferred from the State Department under P.L. 690 was developed and put into effect. Action was completed on allocation of all individual Attache positions and on transfers of positions between posts.

The position review program under Section 1310(d) of the Supplemental Appropriation Act, 1952, continues as an important adjunct to the allocation process. To meet the annual review requirement, a certificate of the accuracy of each job description is signed by each employee and his supervisor. In many cases this is done in conjunction with the Performance Rating Plan. In addition to this certificate, the Department has a goal of 25% coverage of positions by actual work audits made by classifiers to supplement employee-supervisor review.

Salary Administration. Salary administration required giving attention to the details of numerous cases involving allowances and differentials for overseas employees; allowances for employees required to wear uniforms; dual employment and compensation; hours of duty; rates paid initially upon transfer, promotion, demotion, etc.; premium pay for overtime, night, and holiday work; and within-grade step increases in pay.

Agency regulations on allowances for replacement of uniforms were approved for chauffeurs, guards, quarantine inspectors, nurses, and certain Forest Service employees. Thirty-seven agency requests for authority to establish work weeks in excess of 40 hours, i.e., involving some regularly scheduled overtime duty, were handled. Considerable work was done during the year on a statutory rate proposal covering a limited number of top research positions to place the Department on equal footing with other Departments and agencies, and with industry, in recruitment or retention of top level research skills. The Commodity Stabilization Service was assisted in establishing a classification and pay plan for its county office personnel.

Wage Administration. The most important projects were amendments to the Department regulations to incorporate the new minimum wage standard of $1.00 an hour, a new wage rate notice form, and new provisions for the administration of flat rates and scales; the issuance of 21 new definitions for inclusion in the Department's Wage Board Manual; the establishment in the Agricultural Research Service of four area wage boards and one review board to replace the interim board by which rates had been set in that agency during the preceding two years; continued attendance at meetings of the Interdepartmental Lithographic Wage Board, and participation in work groups established under Civil Service Commission sponsorship to study various aspects of rate setting by wage boards. Plans are well advanced for reconstituting the Review Wage Board operating in the Office of Personnel in such a way as to strengthen and improve its review activities, including the power to adjust rates as necessary to effectuate "prevailing rates" within the meaning of the law.

Personnel Incentive Programs. The Department's Awards program continued to make satisfactory progress during the 1956 fiscal year. For the first time, individuals who were members of units receiving honorary recognition were awarded individual certificates citing the achievement in addition to the unit's plaque.

During fiscal year 1956, 1,389 Cash Awards were granted totaling $161,196, compared with 221 Cash Awards granted during 1955 totaling $21,161. There were 2,993 suggestions received and 1,055 were adopted, representing an estimated dollar value benefit to the Government of $627,969.

The handling of suggestions with possible Department or Government-wide application has increased the workload in the Office, which continues to advise the agencies concerning administration and operation of all phases of the Incentive Awards Program.

Inspections of Personnel Offices. The inspection workload increased substantially due to the delegation of authority to the Milk Market Administrators' Offices. As a result of the delegation, the total number of Department offices subject to inspection has increased to approximately twice the number on the inspection schedule in 1953.

Employee Health. During the past year a total of 22,156 calls for service were made at the Health Rooms in the Washington Metropolitan

Area; 1,144 patients were seen by the Medical Officer; 182 preemployment, disability retirement and other physical examinations were performed.

Training in Administrative Management. This training is aimed at high level employees responsible for improvement of administration. 385 Department employees from 19 agencies have been trained in institutes and workshops. Two institutes to develop additional local leaders are planned for 1958. Plans for additional training in Administrative Management workshops will also go forward this coming year. Application of the principles, material and procedure of the institutes and workshops is continuing by several agencies in carrying out their regular work.

Employee Development. New and revised material was developed to incorporate in "Guide Posts for Supervisors", the basic manual through which the Office guides, stimulates and coordinates the Department's Supervisory Development Program.

Safety. The Director of Personnel established an Employee Safety Advisory Committee which is reviewing all aspects of the Departmental safety program. Particular attention will be given where need of improvement is indicated. Agencies submit reports in connection with the Presidential safety citation, awarded annually to the Department or agency showing the greatest progress in accident prevention.

3. Budgetary and Financial Administration and Service

The Office of Budget and Finance is responsible for department-wide coordination of the budgetary and financial aspects of Department programs and activities, including the acquisition, distribution and control of funds; accounting; internal auditing and program appraisal, and program investigation; budgetary, financial, and legislative reporting; and the organization and management of these and related activities throughout the Department.

During the year certain functions of the Office were realigned in order to strengthen its staff inspection activities. The Division of Internal Audit and Program Appraisal was established to provide a stronger and more effective departmental staff leadership in the fields of internal audit and program investigation. This division is primarily responsible for formulating departmental policies and principles, and for providing guidance and assistance to Department agencies, with respect to the establishment and maintenance of adequate facilities to prevent the mishandling of funds and other resources, and to assure proper examination and appraisal of the financial, operational and administrative aspects of agencies' programs. Since all large agencies had at least the nucleus of an independent inspection staff, this division has emphasized policy guidance, manual preparation, and work planning. A comprehensive survey (the first of a series) was initiated in the investigative unit of one agency for the purpose of reviewing, appraising, and making recommendations for improvements in connection with staffing, organization relationships, and investigative techniques and operating methods.

Assistance was rendered to agency inspection groups through release of statements of principles, participation in training sessions, individual consultations, the preparation of internal auditing policy statements, and in the formalizing of audit procedures. A Department-wide audit of leave administration was coordinated by this Office. The findings resulting from this audit aided in the strengthening of departmental and agency procedures relating to supervisors' responsibilities, periodic reviews, reports, and record-keeping for leave.

A procedure was developed for the handling of General Accounting Office audit and investigation reports throughout the Department and for the reporting of significant findings of the Secretary and his staff.

The Office is presently coordinating a Department-wide study of the safekeeping facilities provided by the agencies for the protection and safe custody of cash and negotiable instruments handled by their employees.

Among new developments and improvements in the field of budgetary administration requiring action by the Office in the past year were the following:

a. Legislation Developed to Provide Support in Basic Law for Point of Order Provisions in Appropriation Acts. An analysis was made of the language contained in the Department's annual appropriation acts to determine to what extent authorities contained therein were supported in basic law. Appropriation language provisions not so supported were reviewed to determine whether they should be retained in the appropriation acts. Legislation was drafted, and enacted by the Congress (Public Law 979) which provides authority in basic law for provisions determined to be essential in the conduct of the Department's operations.

b. Simplified Financing of Services between Agencies. Following issuance of General Accounting Office regulations, policies and procedures were established to simplify the financing of services between agencies of this Department and between this Department and other Federal agencies. Increased use of the reimbursement method of financing affords an opportunity to eliminate many separate accounts for advances and transfers of funds, and to reduce the number of budget schedules.

c. Improved Procedures Developed for the Allocation and Apportionment of Foreign Currencies. Initiation of a foreign market development program, financed from foreign currencies arising from sales of surplus agricultural commodities to other countries (pursuant to Public Law 480), necessitated development of special procedures by this Office and the Foreign Agricultural Service with respect to the allocation and control of such foreign currencies to assure their use in accordance with the objectives of the law. Based on experience gained in 1956, simplified procedures for the allocation and apportionment of foreign currencies have been instituted in 1957.

In the field of budgetary and financial reporting a great variety of special projects was handled during the past year. Much of this work is concerned with the compilation of special reports to meet needs within the Department and to provide information in response to requests from Congress, various public and private organizations, and the general public. In addition, there are a number of recurring agency reports which receive Departmental review and clearance before submission to the Budget Bureau, Treasury Department, and other agencies. The improvement of agency reporting systems and the development of improved reporting procedures and techniques also constitute one of the important responsibilities in this area, including liaison with agencies outside the Department on such matters.

Arrangements were made for a form letter to be used in transmitting proposed legislative reports to the Budget Bureau for clearance, thus saving about 100 man hours annually in the various agencies of the Department.

571 legislative reports were prepared or reviewed from the standpoint of budgetary and related administrative and program implications, revised when necessary, and cleared with the appropriate agencies (compared with 678 for 1955 and 346 for 1954).

Electronic data processing equipment and systems are being studied to evaluate possible applications within the Department. The Office of Budget and Finance provides consultative services to agencies and disseminates information about the potentially greater productivity of rapid data processing machines. Adequate technical knowledge is essential in planning for installations which will help to improve department services.

New procedures for penalty mail payments to the Post Office Department were initiated in 1956. Reimbursement to the postal service entails the transfer of more than 5 million dollars annually. In 1954 and 1955 the reimbursement was based on record-keeping to determine the postage liability. In 1956 the record-keeping on items mailed was eliminated and projections made for the fiscal year on the basis of 1955 experience. For the fiscal year 1957, quarterly payments will be made on an estimated basis and adjusted at the year-end to reflect postage liability based on penalty indicia matter acquired.

Form series expanded to included "outline maps". As one phase of its forms management program, the Department has collected into its numbered series several hundred forms in general use throughout the Department. Attention is given to better design of the forms, systematic inventory control, and periodic review of associated procedures. A further advance will provide similar attention to 69 State and national outline maps used by various agencies to plot statistical and other data, depict geographical detail, or serve as worksheets in program operations. Usage of such forms is estimated at 75,000 annually.

Rental rates for housing accommodations supplied to Department employees must be established at levels competitive with comparable private housing,

under the terms of Budget Bureau Circular No. A-45, Revised. In sparsely settled areas with few private rental units, the establishment of satisfactory rental rates has required a costly expenditure of personnel time. To help meet this problem, this Office assisted the Forest Service in developing a system for establishing rates by standard classes of houses on an area basis through the application of scientific sampling procedures. By agreement with the Budget Bureau and the General Accounting Office, the Forest Service will experiment with this system to determine its adequacy for possible Government-wide application.

Mileage rates allowed for use of privately-owned vehicles have been increased based on analysis of operating costs. Although the Congress established a maximum rate of 10 cents a mile for use of privately-owned vehicles in the conduct of official business, the Department retained a maximum rate of 7 cents through the fiscal year 1956. This determination was based on then current operating cost data. Early in the fiscal year 1957, further analysis led to adjustment of the rate to a maximum of 8 cents. Under exceptional circumstances of travel the Director of Finance may authorize a higher rate.

The Office continued to furnish leadership and technical assistance in the revision of agencies' accounting systems to conform to Department policies, the accounting principles and standards prescribed by the Comptroller General, the objectives of the Joint Program to Improve Accounting in the Federal Government, and the requirements of the Budget and Accounting Procedures Act of 1950. To assist agencies in carrying out their responsibilities in the accounting field, this Office developed and issued regulations embodying the policies, principles, and standards for establishing and maintaining sound accounting systems. Substantial improvements and revisions have been made in the Accounting systems of the agencies, with accounting manuals either completed or substantially completed in ten -- Agricultural Marketing Service, Commodity Exchange Authority, Commodity Stabilization Service, Farmer Cooperative Service, Federal Extension Service, Foreign Agricultural Service, Library, Rural Electrification Administration, Office of Information, and Office of the General Counsel. In the Agricultural Research Service, Forest Service and Office of the Secretary, studies designed to accomplish similar improvements and revisions are well underway.

Additional regulations have been developed which establish fiscal policies, standards and responsibilities designed to aid administrative and fiscal officers in the conduct of the financial affairs of the Department and which establish procedures on reporting and transfer of appropriations and funds designed to simplify the reconciliation of agency accounts with Treasury Department records.

To expedite the administrative examination of vouchers and to aid travelers in the Department in the preparation of travel vouchers, a Guide to Travelers for the Preparation of Travel Vouchers was issued. The Guide provides a specimen voucher based on a hypothetical travel status showing various kinds of expenses and situations.

The bonding of 4,835 employees of the Department, which previously involved a separate bond for each employee, was accomplished by a single position schecule bond under the surety bond program authorized by Public Law 323, 84th Congress. This program will simplify bonding and will be more acceptable to employees who are required to be bonded. After six months' operations it is estimated that there has been a saving (1) in the processing of 4,830 less bonds, (2) in the payment of approximately $33,000 less in annual premiums (by employees), and (3) of approximately $5,000 in administrative costs.

From a study of the possible benefits on the use of transfer posting methods in the issuance of Agricultural Conservation Program checks, it was determined that approximately $13,000 could be saved. It is planned to develop the necessary procedures to establish the use of this transfer posting process for these checks.

4. General Operations

The Office of Plant and Operations is responsible for the general direction, coordination and guidance of all phases of department-wide programs in the fields of real estate management, records management and procurement and property management, and provides administrative services for the over-all Office of the Secretary and departmental service operations in the District of Columbia.

These functions are divided into five divisions, namely, Procurement and Property Management, Records Administration, Real Estate, Administrative Services and Service Operations. The Procurement and Property Management Division is a recent addition to this Office, having been transferred from the Office of Budget and Finance for the purpose of simplifying and improving operations in our general departmental administration. This transfer placed all administrative service management functions in one staff office, thereby establishing organizational uniformity at Department and agency levels and one channel of liaison with the General Services Administration and other Departments on such matters.

Real Property Management Services

On June 30, 1956, the Department held a total of 188,385,588.9 acres of land, the total value including improvements thereon amounting to approximately $730,200,000. The Department occupies 1,513,428 square feet of space in the District of Columbia and approximately 15,270,000 square feet of space in the field. The following are illustrative of the scope of the staff assistance and services provided toward the management of these holdings.

a. Real Property Review. In response to a joint directive from the Administrator of General Services Administration and the Director of the Bureau of the Budget, this Office assisted in a detailed review of the utilization of real property under the jurisdication of the Department. Particular emphasis was given to the disposal of excess real property. During 1956, 13 properties costing $190,000 were reported excess and 245 properties costing $1,488,239 were disposed of under authority

delegated to the Department by the General Services Administration. An example of the property reported excess was that of the Soil Conservation Service State headquarters building in Oklahoma City which became excess upon the completion of the consolidated office project at Stillwater, Oklahoma. The largest single disposal under delegated authority was 71 buildings at Fort Robinson, Nebraska.

b. Real Property Reporting. The Office is responsible for the report to the General Services Administration of the Department's real property holdings in the continental United States. This report was further amplified during 1956 by a supplement showing the holdings in territories and foreign countries.

This Office also spearheaded the report of real property assets of the Department required by the House Committee on Government Operations, and participated in discussions with that Committee on proposed future revision of the report and its establishment on an annual basis to include the fair market value of lands withdrawn or reserved from the public domain.

c. Real Property Accounting. Preliminary plans have been made to establish department-wide guide lines for real property accountability, providing for the inclusion of costs of real property under general ledger accounting.

d. Lease-Purchase Space Program. The Office has cooperated with the General Services Administration on plans for new construction projects under the Purchase-Contract Program (Public Law 519, 83d Congress). Requests were filed for space requirements in 47 proposed projects during the fiscal year and detailed plans reviewed for space assignment in buildings planned at Albuquerque, New Mexico; Council Bluffs, Iowa; Green Bay, Wisconsin; Rock Island, Illinois, and Kansas City, Kansas.

e. Consolidated Housing. A new building was erected under lease from the Oklahoma A&M College, Stillwater, Oklahoma, to house the State Offices of the Agricultural Stabilization and Conservation Committee, Farmers Home Administration, Federal Crop Insurance Corporation, Soil Conservation Service, and the Office of the General Counsel.

f. Staff Assistance and Services. This Office assisted in the preparation of preliminary plans and estimates for new buildings needed by Department agencies, including the Animal Disease Laboratories for presentation to the Bureau of the Budget and to the Congress.

The Department's comments and recommendations on the contents of the second Hoover Commission report on real property

management was prepared under the direction and guidance of this Office.

Assistance is being provided to the Departmental Committee concerned with formulating a construction plan covering the needs for Agriculture Buildings on a long range basis.

g. Space Management and Liaison. The Office continued to provide liaison with the General Services Administration and the Post Office Department on policy and specific space problems, such as the discussions and reviews of the propriety of reimbursement requested by General Services Administration for space and services furnished.

A detailed review of space utilization of the Plant Industry Station at Beltsville, Maryland, made available some 13,600 square feet of space for the use of Agricultural Research Service and Agricultural Marketing Service at that location. This review was coordinated with moves in the Department of Agriculture Building in Washington, required in connection with closing of laboratories in the East Wing of the Administration Building. It was also necessary to obtain additional space in the Auditor's Building and Escanaba Hall from General Services Administration to take care of increased space needs of Department agencies in Washington.

Records Management Services

During most of the year particular emphasis was given by the agencies and this Office to forms and correspondence management, partially as the result of a survey being conducted by the National Archives and Records Service of the General Services Administration at the invitation of the Secretary. Some progress was also made in reports and directives management through closer supervision over reporting procedures and more effective controls over distribution of directives.

The records disposition program, and wider application of records control schedules, resulted in the disposal of large quantities of records by either destruction or transfer to Federal Records Centers. This brought about the release of filing equipment and space for other purposes. During the year 33,372 cubic feet of records were transferred to Federal Records Centers and other agencies; and 104,517 cubic feet were disposed of under existing schedules. Throughout the Department, as of June 30, 1956, 9.65 percent of the records were considered to be permanent.

The review program gained momentum during the year and achieved top ranking notice in the management field. During the year the records management practices in 72 Department offices in 18 cities were reviewed. Each review contains the findings of the Records Analyst, the recommended action on these findings, and a request that the office visited report on the action taken as a result of the review within 60 days from date of release of the reports. The reports on immediate benefits derived from the reviews have demonstrated the worthwhileness of this program.

Liaison relations with the National Archives and Records Management Service, General Services Administration, continued to make a valuable contribution to the over-all records management program. The Office worked closely with the GSA in promoting among departmental field offices a seried of two-day records management clinics held in key cities throughout the United States.

Procurement and Personal Property Management Services

A major revision, based upon changes in statutory requirements and a study of problems encountered in contract administration, was made in the Administrative Regulations on contracting; and much of the text on both contracting and purchasing was rearranged to provide a more practical breakdown between these two categories.

The Office continued to give aid to the agencies in their contracting work, including (1) the development of contract specifications more responsive to agency needs, (2) the development of contracts negotiated pursuant to the Research and Marketing Act, and (3) the development of construction and special contracts in connection with the completion of the Plum Island Animal Disease Laboratory. To accommodate agencies having a need therefore, the Office solicited bids and awarded a total of 46 contracts during the year.

The Office obtained authority from GSA for the Forest Service and the Soil Conservation Service to negotiate contracts covering specific phases of their programs, including (a) management consultant services for the Forest Service, especially in the field of administration, organization, and scientific methods, and (b) for professional engineering services for both agencies to facilitate construction of roads, trails, bridges, dams, channels, silting basins, etc. In delegating this authority to the agencies, this Office developed with the agencies uniform policies and procedures necessary for negotiating contracts.

In the area of Federal Specifications and Standards, cooperative activities with the General Services Administration continued to be active. They embraced the several broad categories of Federal Specifications on foods submitted to the agencies of the Department, in addition to which there were submitted to the agencies for review 397 proposed, or revisions of, Federal Specifications, 12 proposed Federal Standards and 10 other special assignments. Also, 21 proposed Commercial Standards and Simplified Practice Recommendations, submitted by the Department of Commerce, were referred to appropriate agencies for review and comments.

An agreement was entered into between the Department and the Small Business Administration whereby it was agreed, under authority of the Small Business Act of 1953 (Public Law 163, 83d Congress), to set aside appropriate procurements in whole or in part, for small business competition only; the Small Business Administration to be afforded an opportunity to screen procurements valued at $1,000 or more at major procurement offices. The Office participated on the SBA committee to revise

the definition and size standards of "small business". Staff members are cooperating in the joint Commerce-Small Business Administration sponsored meetings being held throughout the country to acquaint small business concerns with how they may sell to the Government. A pamphlet "Selling to U.S.D.A." was developed by the Office and has been published to assist business, particularly small business, in selling to the Department.

During the year, the Area Committees in the field, and this Office in Washington, facilitated redistribution of excess property having an acquisition cost in excess of $333,000, which is about 16 percent of the total acquisition cost of all excess property reported by Department agencies.

As of June 30, 1956, the Administrator of General Services Administration had issued determinations to establish interagency motor vehicle pools in 12 areas, including the metropolitan area of Washington, D. C. Approximately 329 Department of Agriculture vehicles were transferred to the General Services Administration for inclusion in these interagency pools. Studies were in progress in 10 other areas throughout the United States as of June 30, 1956.

Administrative Services

Increased personnel classification authority was delegated to the Division, and responsibility for phases of Personnel training, job evaluation, career development and recruiting were clarified. Leadership and coordination were provided in formulating new regulations to effect an orderly committee management program.

Service Operations

During the fiscal year 1956, several pieces of new printing and bindery equipment were purchased for the Department's central printing plant. At the same time the Joint Congressional Committee on Printing reclassified the printing plant from Class A to Class B. Organizational changes were made within the Division to insure the most effective utilization of the new, high-production equipment.

5. Regulatory Hearings and Decisions

The activities "Regulatory Hearings and Decisions", includes the work of the Office of Hearing Examiners, as well as the functions of the Judicial Officer and his staff. The Office of Hearing Examiners holds hearings, makes reports, recommends decisions, and performs such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to various matters under their jurisdiction. A comparison of the number of hearings held by the Hearing Examiners under the various acts during the fiscal year ending on June 30 of each year since 1950 is shown in the following table:

Laws Involved	1950	1951	1952	1953	1954	1955	1956
Agricultural Marketing Agreement Act	79	64	69	63	103	68	65
Commodity Exchange Act	5	1	1	4	10	4	1
Packers and Stockyards Act	11	12	36	5	7	4	9
Perishable Agricultural Commodities Act	2	2	5	1	3	5	7
Sugar Act	2	2	2	2	4	7	8
Warehouse Act	1	-	-	-	-	-	-
Market Inspection of Farm Products	-	-	1	1	-	6	2
Federal Meat Grading	-	-	-	-	-	-	1
	100	81	114	76	127	94	93

There were 10 cases disposed of by Consent Orders or by default in which reports were made and filed. These reports are similar to the reports required in cases in which hearings are held and consist of a Statement of the Case, Findings of Fact, Conclusions and a Proposed Order. Many conferences were held with a view towards satisfactorily solving the difficulties existing between the State of New York and the State of New Jersey in relation to the marketing of milk. Based upon the information obtained at the conferences, a formal hearing was called on June 18, 1956, which has not been completed to date. Two other important hearings affecting producers of milk were held in Philadelphia and Boston.

The Judicial Officer renders final administrative decisions in regulatory proceedings of a judicial or quasi-judicial nature. During the past fiscal year the Judicial Officer issued 423 decisions and orders as follows: Agricultural Marketing Agreement Act - 22; Commodity Exchange Act - 7; Grain Standards Act - 5; Packers and Stockyards Act - 72; and Perishable Agricultural Commodities Act - 317. In addition, the Judicial Officer held oral argument in 8 proceedings as follows: Agricultural Marketing Agreement Act - 2; Commodity Exchange Act - 2; Packers and Stockyards Act - 3; and Perishable Agricultural Commodities Act - 1.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund of $400,000 established by the 1944 Agricultural Appropriation Act to pay the operating costs of certain centralized service organizations pending receipt of reimbursements for such costs from the agencies provided with the services. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1958 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1956, as well as estimates for 1957 and 1958, are printed in the Budget schedules for the fiscal year 1958.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allocations and Working Funds (Advances from other Agencies):			
Rural Electrification Administration - For expenses relating to investigations of rural electrification cooperatives	$19,914	- -	- -
International Cooperation Administration - To cover costs incurred for the establishment and maintenance of a roster of technically trained agriculturists	10,130	$10,225	- -
Federal Civil Defense Administration - For over-all planning, coordination, and integration of the administrative and operational resources of the Department in carrying out delegated responsibilities for Civil Defense	- -	25,000	$25,000
Total, Allocations and Working Funds	30,044	35,225	25,000
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and Expenses	40,420	2,720	2,720
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	70,464	37,945	27,720

PASSENGER MOTOR VEHICLES

The estimates for 1958 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of November 30, 1956, the Office of the Secretary owned only one automobile which is operated in the District of Columbia. In addition, two vehicles are rented on an annual basis.

One of the rented vehicles is used by the Secretary of Agriculture, and the other vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of the Staff offices which comprise the Office of the Secretary.

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications, clearance and release of press, radio, television, and magazine materials, maintenance of central files of news and general illustration-type photographs; and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. It also produces visual informational materials, such as motion pictures, exhibits, art and graphics materials, and still photographic work for the Department and other Government agencies through reimbursements.

Regular employment as of November 30, 1956, totaled 217. The Office has no field employees, except part-time or intermittent workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$1,325,000	$1,465,000

Salaries and Expenses

Appropriation Act, 1957	$1,325,000
Budget Estimate, 1958	1,465,000
Increase	+140,000

SUMMARY OF INCREASES, 1958

For publications improvement work in cooperation with States	+12,290
For informational materials for Rural Development Program	+21,343
To handle greater volume of information resulting from new programs and increased research	+41,161
For new exhibits to supply increasing demand from land-grant colleges	+22,706
For contribution to the retirement fund pursuant to Public Law 854	+42,500

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increases: Retirement Costs (P.L. 854)	Increases: Other	1958 (estimated)
1. Publications review and distribution	$621,231	$643,317	+$17,700	+$33,633(1)	$694,650
2. Review and distribution of current agricultural information	464,545	473,979	+13,090	+41,161(2)	528,230
3. Review, preparation and distribution of visual agricultural information	207,672	207,704	+11,710	+22,706(3)	242,120
Unobligated balance	5,152	--	--	--	--
Total retirement costs (P.L. 854)	--	--	[+42,500]	[+4,500]	[47,000]
Total available or estimate	1,298,600	1,325,000	+42,500(4)	+97,500	1,465,000
Advance from "Administrative Expenses, Commodity Credit Corporation"	-17,100	--			
Total appropriation or estimate	1,281,500	1,325,000			

INCREASES

(1) The increase of $33,633 in this item consists of the following:

(a) Increase of $12,290 to provide increased cooperation with the States in improving the Department's publications program.

Need for Increase: The Department Publications Review Committee recommended, among other things, that the popular publications work of the Department be coordinated more closely with that of the States. In furtherance of that recommendation, work is planned, in cooperation with the States, aimed at improving the research, information, and education programs of the Department through better publications practices. A program of continuous sampling of the subject matter needs of the public for State and Department popular publications and a systematic planning, in cooperation with the State land-grant colleges and universities, for subject coverage of publications that fit closely into the needs of the farm, suburban, and urban populations will make it possible to emphasize popular publications of widest possible usefulness, thereby achieving an economy by eliminating publications of least value.

Plan of Work: The Office, working closely with the Federal Extension Service, will establish a program for continuous sampling of the subject matter needs for Department and State popular agricultural and homemaking publications. This will include the preparation of information and procedures which the States may use in determining local needs and for reporting these needs to the Department. The Office will work with the agency publications committees in planning publications to meet the regional and national subject matter needs as indicated by the analysis of the reports from the States. Reports from States and agencies will also be analyzed to develop data that may be useful to the Department, to cooperating agencies, or to Members of Congress as guides for distribution of bulletins. The Office will cooperate with the Federal Extension Service and the States in furnishing information and materials for effective partnership and give assistance in planning and coordinating the publications programs. The States will be informed of Department publications plans and schedules to assist the States in planning and coordinating the local and regional materials.

(b) Increase of $21,343 to provide special information materials in connection with the Rural Development Program.

Need for Increase: This Office provides special information materials for the Department's program directed toward assistance to low-income farm families and those who obtain part of their income from off-farm sources. The Office lends assistance and support to the agencies of the Department and serves as a clearing house for information on the Rural Development Program. The current fiscal year will be devoted primarily to organizing, planning and initiating programs in the 54 pilot counties and areas. Information requirements thus far have been mainly for materials explaining program objectives, organization, and resources for the use of State and county leaders. In fiscal year 1958 it is expected that additional pilot counties will be designated and activities will increase in existing counties. As the program moves forward from the organizing and planning phase to the operating phase in the current pilot counties, a greater variety of information material will be needed. There will also be a need for

additional brochures, leaflets and reports, putting program information into usable form for community leaders and suggesting ways of initiating and stimulating local community programs and various methods that might be employed. Experience so far has indicated that this program can be furthered and strengthened by the use of more highly visualized materials. These materials could be used effectively by county workers who collaborate in this program by visualizing the problem involved, the overall objectives of the program, alternate ways and methods of helping to solve the problem, technical and financial assistance available, and other information bearing on this important subject. These materials would also be used in meetings, lectures and discussion groups and would serve not only to simplify presentation of the program but also as a stimulus to further interest and discussion by local leaders at the grassroots level. Present funds are inadequate to develop these special publications and visual aids materials.

Plan of Work. This Office, as the coordinator of information work in the Department, concentrates information resources available through Department agency and other channels for use of community leaders in the Rural Development Program pilot counties. The Office will join with other departments to develop publications and visual aid materials for this program.

(2) The increase of $41,161 in this item consists of the following:

(a) Increase of $20,520 to handle increased press activities in connection with new USDA programs and increased research activities.

Need for Increase. As new USDA programs and activities have come into existence, the general press output of the Department has necessarily increased from 10 to 15 per cent to meet the demands from press outlets, as well as the legal requirements for information dissemination. This increased demand for press output has included requests for information on such programs as the Agricultural Act of 1954; the Agricultural Act of 1956, which includes the Soil Bank Program; the emergency, drought, credit, and farm storage activities; the Great Plains Program, the Rural Development Program; and P. L. 480 surplus disposal activities. These programs have brought a greater flow of requests for information from the news wire services, general press correspondents, and others. In addition to these new programs, the Department research funds have increased substantially since fiscal year 1954. This additional research has created, and will create in the future, a greater flow of research findings which must be disseminated to farmers, consumers, and industry outlets. An increasing number of requests for information on research findings are coming from women's page editors, food editors, land-grant colleges, and industry groups that reach the women of the Nation. The Home Economics Research Advisory Committee has stressed the importance of maintaining an adequate flow of information based on Department research findings to aid in the solution of day-to-day problems facing homemakers, educators, industry, and other concerned with home economics. An advisory committee of State extension editors has recommended that more home economics information should be made available from the Department.

Plan of Work. The Office will provide more information to help inform the approximately 5,400,000 farmers in the Nation more fully and adequately on new and special programs and activities of the Department and the results of the increased agricultural research work. More information will be provided on home economics programs and research to meet the increasing request of newspaper women's page editors, women's magazine and magazine food editors, and trade and industry outlets. More adequate services to the land-grant colleges will be provided to meet the needs of homemakers and consumers the Nation over.

(b) Increase of $10,340 to handle increased special reports activities with groups outside the Department.

Need for Increase. In the reporting of facts on agriculture to the general public, it has become increasingly clear that agriculture's status in the Nation and its problems must have a better understanding by all the people. To obtain this greater understanding requires the preparation of suitable background materials and reports on Department programs and activities and consistent liaison with groups outside the Department. It requires closer working relationships with media outlets, farm organizations, agricultural trade associations, consumer groups, and others.

Plan of Work. More effective information support will be given to the Department's programs and activities by preparation and presentation of materials to wider outlets and increased service to media outlets, farm organizations, and others. To carry out essential information functions in this area, the Office will prepare additional basic documents, reports, fact sheets, and other materials which explain the Department's programs, and which will fill the majority of the requests that otherwise would require individual attention.

(c) Increase of $10,301 to provide additional information materials for dissemination of information by radio and television.

Need for Increase. Television has become a major outlet for agricultural information as 40 per cent of the Nation's farm families now have television sets. This has brought about greater demands from land-grant colleges, networks, single stations, and others for information and visual materials for farm families as well as information for city people. There is an increasing demand for radio and television information and visual materials on plentiful foods, research results in nutrition and home economics fields, marketing services, and other subjects useful to consumers and homemakers. There is a need for additional background statements and informational materials on the Department's research and other programs for use by these outlets.

Plan of Work. Additional scripts, visual presentations, background statements, and other materials for use on networks, single stations, land-grant colleges and others, will be prepared to meet this increasing demand on the Department. Additional tape recordings of statements and interviews with Department scientists and officials on current programs and research activities will be produced. These tape recordings become a part of a tape recording library for loan to fill the increasing number of requests from individual stations and others for interviews and statements about the Department's programs and activities.

(3) An increase of $22,706 to provide new exhibits and to revise and renovate existing units.

Need for Increase. There is a need for additional exhibit materials from the Department to supply the increasing demands from the land-grant colleges and others for Department exhibits at fairs, meetings, and conventions. Three years ago, about one-quarter of the showings of Department exhibits were made by the States, but during the past year the States made more than half of the showings. To meet this increased demand it will be necessary to construct new exhibits on current work of the Department and to revise and renovate existing exhibits for continued use in the USDA-State cooperative program.

Plan of Work. In line with the demand from the land-grant colleges, emphasis will be given to the production of more compact, portable exhibits which will permit a greater number of showings to be made and at more economical transportation costs due to the lighter-weight exhibits. In addition, a program of revision and renovation of the 65 existing exhibits will be undertaken to keep them active for future showings.

(4) An increase of $42,500 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement.)

Project	1956	1957 (estimated)	Increase or	1958 (estimated)
Publications review and distribution:				
Publications management	$55,503	$82,076	+$15,524	$97,600
Printing procurement	48,520	43,669	+2,431	46,100
Inquiries and distribution	263,550	252,889	+11,678	264,567
Printing of farmers' bulletins, reprints and lists	253,658	256,383	- -	256,383
Special Rural Development materials	- -	8,300	+21,700	30,000
Total	621,231	643,317	+51,333	694,650
Review and distribution of current agricultural information:				
Press Service	96,522	96,720	+25,780	122,500
Preparation of reports	70,188	62,084	+13,916	76,000
Radio and Television	84,835	102,175	+14,555	116,730
Printing Agriculture Yearbook	213,000	213,000	- -	213,000
Total	464,545	473,979	+54,251	528,230
Review, preparation, and distribution of visual agricultural information:				
Art and Graphic	11,765	12,495	+505	13,000
Exhibits Service	72,903	72,371	+26,129	98,500
Motion Picture Service	79,639	82,951	+4,549	87,500
Photographic distribution	43,365	39,887	+3,233	43,120
Total	207,672	207,704	+34,416	242,120
Unobligated balance	5,152	- -	- -	- -
Total retirement costs (P. L. 854)	- -	- -	[+47,000]	[47,000]
Total available or estimate	1,298,600	1,325,000	+140,000	1,465,000

STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are:

(1) Overall coordination of all information work in the Department,

(2) Final review of all information materials released to the public, and

(3) Coordination of agricultural information activities with those of other Federal and State agencies.

The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the Nation's agriculture by providing factual information on results of agricultural research work, trends in agricultural programs and policies, and similar information. The work of the Office in the dissemination of information useful to Agriculture, falls into three major activities:

Publications, which includes the management of the publications program (both printed or otherwise processed) of the Department, including policy review and clearance, printing and distribution;

Current information, which includes press, radio and television materials, special reports, and the compilation and publication of the Agriculture Yearbook; and

Visual information, which includes exhibits, still photographs, art and graphics and motion pictures.

The Office cooperates with commercial, industrial, and other nongovernmental organizations and sources relative to information work as required in carrying out the programs of the Department.

SELECTED EXAMPLES OF RECENT PROGRESS

Publications Improvement Program. The Office of Information has moved actively ahead in its efforts to improve the Department's publications program. Specific steps include:

Publications Recommendations Disseminated. The report of the Department Publications Review Committee to the Secretary of Agriculture was printed in August 1955 and provided a continuing guide to the various agencies of the Department. Copies were transmitted to the land-grant college and university deans of agriculture, directors of agricultural extension and research, and agricultural extension and research editors.

Agency Committees Recommend Publication Plans. Agency Publications Committees played an increasing role in planning publications with emphasis on wider value and interest, better presentation, and greater economy. The Office of Information is represented on each committee. These committees have been highly effective in reviewing proposals for publications, passing on subject matter, selecting subjects most necessary, keeping length to a minimum, and watching economy.

Series Streamlined. The Publication Series for the Department are streamlin from 24 to 16 types to simplify their use and fit them to present-day needs. Thi revision became operative on February 1, 1956.

Publications Workshops Held. The Office of Information cooperated with agenc in holding three workshops or clinics on planning, writing, and producing publica tions, one in November-December 1955, one in April 1956, and one in June 1956.

Periodicals Improved. The Office has worked in close cooperation with the agency information staffs in improving the timeliness, effectiveness, and format of their periodicals, particularly FOREIGN AGRICULTURE, the AGRICULTURAL SITUATIO and the new AGRICULTURAL MARKETING.

Land-Grant Colleges Kept Informed. The practice of providing to State agri- cultural colleges a monthly notification list of manuscripts received was continu in order to obtain increased coordination between the publications programs of th Department and the colleges.

Purchase Arrangements Simplified. Arrangements were made with the Superinte ent of Documents to discontinue the cumbersome arrangement which required land-gr colleges and other State agencies to pay in advance for all publications ordered.

Annual Reports and Directories Held Down. Publication of the annual reports agencies of the Department was again kept to a minimum under the policy establish in 1954. Publication of a Department directory rather than separate agency direc- tories also was continued.

Outdated Publications Revised. Further progress was made in the program to revise outdated popular bulletins. Manuscripts for 39 revisions of Farmers' Bulletins and other popular publications were received during the 1956 fiscal yea and 26 were submitted to the printer.

Publications Exhibits Provided. Programs to explain the publications work o the Department and exhibits of publications were arranged. Exhibits were shown a the Department, at the International Livestock Exposition in Chicago, and at the annual meeting of the American Association of Agricultural College Editors. Peop attending the International Livestock Exposition in Chicago, November-December 19 selected publications from this exhibit which resulted in a record number of 55,0 copies of USDA publications being distributed.

Processed Material Cleared. Early in the fiscal year 1956, Secretary's Memorandum No. 1384 gave the Office of Information expanded responsibility for re of material to be processed. As a result, a total of 907 manuscripts and other materials intended for mimeographing or other processing in the Department plant were reviewed by the Office to determine the necessity for, and the most economic means of, reproduction. In contrast, 183 publications manuscripts in this cate- gory were reviewed in fiscal year 1955 when other materials intended for process- ing in the Department plant were not subject to Office of Information clearance. This added responsibility accounts for the increase of 635 items over fiscal year 1955. Of the 907 materials reviewed, 272 were publications manuscripts.

Printing Management Produced Tangible Savings. Recorded savings totaled 23,000 in the fiscal year 1956 as a result of technical adjustments in specifications for printing jobs. In addition, suggestions on the printing of forms for the oil Bank program alone reduced costs by more than $11,000. During fiscal year 956, 3,773 printing orders were processed compared with 3,720 in 1955. Direct urchase of tabulating cards, as opposed to purchase through the Government Printng Office, in keeping with recommendations of the Hoover Commission, has brought efinite savings to the Department. The most economical reproduction has been ought for each agency manuscript as it has come to the Office.

ata on Publications Production and Processed Materials Review.

	1955	1956
New publications to the Printer	391	401
Reprints to the Printer, including slight revisions	358	372
Revisions to the Printer	59	46
(Revisions of Popular Publications)	(47)	(26)
Processed publications cleared	183	272
Other processed materials reviewed	-	635

otal Requests for Publications Increased in 1956. Congressional requests for opies of publications were 13 percent higher than the average for the past 5 years nd total requests for copies of publications, general information, and mailing list ervice in 1956 increased slightly over 1955 as shown in the following table:

Fiscal Year	Congressional Requests	Total Requests
1951	241,191	853,933
1952	376,957	1,021,214
1953	350,130	949,626
1954	506,918	1,140,229
1955	415,518	937,593
1956	426,525	954,225

he figures in the above table do not include the many inquiries for press, radio, elevision, exhibit, and still and motion picture information.

ata on Publications Handled. A comparison of the number of copies of publications andled on order or request to the Office during the fiscal years 1955 and 1956 and stimated requests for 1957 and 1958 is as follows:

Copies of All Publications

	1955	1956	Est. 1957	Est. 1958
otal stocks of all publications at beginning of year	11,219,042	9,563,602	9,186,958	10,000,000
New publications	20,698,892	16,070,056	21,813,042	22,000,000
Reprints	7,761,596	10,141,619	9,000,000	9,000,000
otal available for distribution	39,679,530	35,775,277	40,000,000	41,000,000
tocks at end of year	9,563,602	9,186,958	10,000,000	10,000,000
Total distribution	30,115,928	26,588,319	30,000,000	31,000,000

Copies of Farmers' Bulletins

	1955	1956	Est. 1957	Est. 1958
Total stocks of all bulletins at beginning of year.....	7,454,217	6,042,629	5,690,797	6,000,000
New publications.....	2,370,000	1,860,000	2,309,203	2,000,000
Reprints.....	6,109,390	7,767,700	8,000,000	8,000,000
Total available for distribution.....	15,933,607	15,670,329	16,000,000	16,000,000
Stocks at end of year.....	6,042,629	5,690,797	6,000,000	6,000,000
Total distribution.....	9,890,978	9,979,532	10,000,000	10,000,000

Mailing Lists. Shown below are the mailing list workload items handled in carrying out the responsibilities of maintaining the central mailing list index and of supervising the mailing list activities of the Department. This index is a consolidated file made up of names and addresses appearing on all mailing lists controlled and serviced by the various agencies of the Department.

The primary purpose of the index is to avoid duplicate mailings of publications and other materials to persons who have requested more than one agency to place their name on a mailing list. By requiring that all agencies submit through the Office of Information adds, drops, and changes on mailing lists, it is possible to verify and check other listings under the same address and to take further action or to make them a part of the index.

	1955	1956	Est. 1957	Est. 1958
Names included on index on on June 30.....	381,794	392,580	397,580	402,580
Mailing lists in index.....	1,137	1,189	1,190	1,190
Mailing lists revised.....	83	114	125	125
Workload items:				
Additions to lists.....	59,653	52,550	50,000	50,000
Names or addresses changed.	28,429	36,607	40,000	40,000
Names or addresses dropped.	38,033	41,764	45,000	45,000
Total workload items.....	126,115	130,921	135,000	135,000

Press and Special Reports Activities. The Office issued 3,666 releases and reports during the 1956 fiscal year which was about 350 more than during 1955. This increase is attributable to an increase in the number of releases reporting the disposition of agricultural commodities under terms of Public Law 480, the USDA's emergency and disaster programs (drought, flood, hurricane), and the Department's marketing activities.

During the year, the circulation of USDA's Daily Summary of press releases increased by about 200 and now totals nearly 3,600. This Office continued to use this daily digest as an economical means of filling requests for agricultural information.

In addition to editing, clearing, processing, and distributing the Department's press releases and reports, hundreds of telephone, letter, and in-person requests for information and background information on USDA's programs and activities were handled.

FOOD AND HOME NOTES Service. The weekly FOOD AND HOME NOTES, which goes to men's editors, women's radio and television program directors, free lance writers, ate extension editors, home demonstration leaders, and food, nutrition, and home- king specialists in the States, continued to report on developments in fields of terest to women. At the year's end, circulation of this letter was 2,830, an crease of more than 600 from the previous year, evidencing a sharply increasing terest in USDA information.

USDA FARM PAPER LETTER Service. The number of farm magazine and newspaper rm editors requesting the weekly FARM PAPER LETTER increased from 370 to 400. is letter reports briefly on USDA activities and progress, giving the editors the ghlights of agricultural developments for editorial use and follow-up. At the quest of farm magazine editors, arrangements were made to provide advance informa- on, especially in the research field, to give them an opportunity to release the formation on a more even time basis with other media.

Special Releases Coordinated. The Office of Information continued leadership coordinating and directing information work on special programs and problems that fect several agencies' interests and activities. This called for broadscale formational approach on such subjects as: (1) the new Soil Bank Program, (2) the rst annual Farm-City Week, (3) the Fiftieth Anniversary of the Federal Meat spection Service, (4) the National Farm Safety Week, and (5) the several plentiful od promotion drives, including such commodities as dairy products, pork products, rkeys, and potatoes.

Advance Release for Extension Editors. The Office continued development of a stem of "advance" releases, particularly in the field of agricultural research, to able State extension editors and those they serve to make greater use of USDA formation. Under this plan, releases are issued with an advance publication date 10 days to two weeks, giving editors time to adapt stories to their own locali- es and release them to local daily and weekly newspapers simultaneously with the tional release. Nearly 100 USDA press releases were sent to the States with vance release dates. An additional 137 releases were prepared and sent for ex- usive use in the States. Special information and policy statements were also ovided to the State extension editors by advance mailings.

riculture Yearbooks. The 1955 Yearbook of Agriculture, WATER, was published in vember 1955. It covered many phases of water including our need for water, where get our water, water and our soil, caring for our watersheds, water and our rests, water for irrigation, water for crops, ranges, pastures, gardens, turf, and chards, drainage of fields, water and wildlife, pure water for farms and cities, d future needs for water.

Publication of the 1956 Yearbook, ANIMAL DISEASES, was comple ted in August 56, almost three months earlier than the previous Yearbook. This book deals with ch subjects as the relationship of animal diseases to the welfare of human beings; e animal disease program of the United States; economic losses from diseases and rasites; causes and protection against diseases and parasites; specific diseases fecting cattle, swine, sheep, goats, horses and mules, poultry, fur-bearing and her domesticated animals; the so-called "exotic" diseases, such as rinderpest; d animal health and the future. A digest of laws relating to animal diseases is so included in this Yearbook.

The 1957 Yearbook will be devoted to the productivity and management of soil. It has been outlined and manuscripts are in preparation. It will include chapters on the formation of soils and their physical properties, plant nutrients, the use of fertilizers, tillage, erosion, irrigation, drainage, soil management, and other specific agricultural problems related to the use of the land.

Radio and Television Activities. An increase in the number of radio and television stations, coupled with a changing pattern in radio programming because of the growth of television, brought greater demand for USDA radio and television services. AM radio stations increased from 2,732 to 3,020, and television stations now total 468. The Bureau of the Census reports that over 98 percent of the homes in the United States now have one or more radio receivers, and that 75 percent of the homes have television. Almost 50 percent of the farm homes now have television as compared to about 30 percent a year ago.

The Department worked with the National Association of Radio and Television Broadcasters and the National Association of Television and Radio Farm Directors in planning and developing materials on USDA programs and activities that would reach the largest audiences and benefit agriculture the most.

Network Activities. The Department continued its cooperation with the National Broadcasting Company in the production of the "National Farm and Home Hour." During 1956, a regular feature on homemaking was incorporated into this program. The Department continued its cooperation with the American Broadcasting Company in the production of the weekly "American Farmer" program. The handling of subjects on this program has been the responsibility of the Department since April 1954 through informal arrangement with the ABC network. The use of tape recordings made at land grant colleges for this program was increased and has become one of the more popular features of the program. During fiscal year 1956, 85 tapes of this type were used on the program, a 20 percent increase over the previous year. USDA personnel appeared on NBC radio each week over a four-month period in a live, two-way conversation (Washington to New York) with radio program personalities to report USDA recommendations in the fields of nutrition, food preparation, and home economic research.

The Office of Information cooperated with television networks in the production of programs featuring USDA officials and special activities.

Services to Individual Stations. The weekly RADIO FARM DIRECTOR Letter, providing news and background material, went to 689 farm broadcasters compared to 436 a year ago. Over 50 people of related fields, such as farm advertising and agricultural public relations, continued their requests for this letter.

Requests from individual stations for recording services increased substantially. A radio tape library, containing short statements and interviews with Department scientists and officials on items of current importance, services many of these requests. Nonprofit trade associations have cooperated with the Department by distributing recordings to radio stations through their own channels.

Increasing interest in USDA information has been evidenced by requests from women broadcasters on radio and television stations.

Television Package Service. The weekly package service now serves 144 television stations on a request basis with an average of 110 stations each week. Additional stations use them as they are reissued from land-grant colleges as a part of the college television program services. A series of "Beltsville Newsreels" depicting up-to-date research work under way at the Beltsville research station has been incorporated into the package service. In cooperation with the Agricultural Marketing Service, four short films, promoting the greater consumption of surplus foods, were issued.

Visual Activities. Since the centralization of the production of visual materials, the Office has cooperated with the land-grant colleges and agricultural trade associations in planning and participating in workshops, lectures, and seminars designed to create better visual materials for agricultural information. The fourth annual workshop sponsored by the Office was held in January 1956. Although begun in 1953 as a film workshop, it has now been broadened to include other visual media. Information specialists at the land-grant colleges, State extension specialists, and representatives from commercial organizations generally participate in these events along with Department personnel.

Art and Graphics Services. The Office cooperates with agencies in planning illustrative materials on Department programs and activities. This includes consultation on preliminary planning of design and layout for publications and other materials. The centralized production of art and graphics materials is performed under the Working Capital Fund on a reimbursable basis. During fiscal year 1956, the Office processed 1,711 jobs for art and graphics materials as compared with 1,499 during 1955.

Examples of cooperation with agencies on planning are:

Agricultural Outlook for 1956. Preplanning with Agricultural Marketing Service on format, style, and general appearance of outlook charts and publications and the establishment of procedure of processing program.

Agricultural Marketing (New Periodical Publication). Preplanning with Agricultural Marketing Service editors in determining format, type selection, style, and appearance of periodical and establishing schedule and general guidance in organization.

Soil Bank Program. Preliminary consultation with agencies as to the most effective visuals for program implementation.

Timber Resources Program. Planning with Forest Service representatives on visual phases of program, including contractual negotiations with commercial establishments.

Still Photographic Services. The Department's still photographic services are centralized in the Office of Information and photographic work is performed under the Working Capital Fund on a reimbursable basis. During fiscal year 1956, over 5,000 new photographs were made for Department agencies and approximately 105,000 prints were reproduced from the negatives in the central file.

Central Photograph Library. The Office continued the review of the more tha 175,000 photographs received in the centralization of the Department's news and general-type photographs. About 75,000 of these remain to be integrated into the central library. An index guide listing the subjects covered by these photograph is maintained as an aid to Department personnel and others using USDA photographs

Picture Story Series. A series of photographs showing the activities of th various USDA agencies are sent periodically to farm magazine and newspaper editor In addition, a series of picture stories on special programs and research work ar prepared and sent to farm magazine and newspaper editors. These picture stories cover such subjects as meat inspection, plant quarantine, advances in naval store research, making and maintaining a good lawn, etc.

Filmstrip Services. More than 10,000 color transparencies have been placed in the central library. During the year, a supplement to the filmstrip catalog was issued. There are now about 140 USDA filmstrips available. Under the 1956 Department contract sales totaled 4,049, with 690 going to USDA agencies and 3,35 to outside sources.

Exhibits Showings Increased. Land-grant college and State extension workers increased their use of Department exhibits at fairs, meetings, and conventions. Showings by or through these sources totaled 166 units during fiscal year 1956 as compared with 132 in 1955 and 66 in 1954. An additional 50 showings were made by the Department and 31 showings at local occasions. Two major exhibits, WHEAT AND YOU and FIFTIETH ANNIVERSARY OF FEDERAL MEAT INSPECTION, were prepared and shown in the Patio of the Department's Administration Building.

	F.Y. 1955	F.Y. 1956
New exhibits produced	29	28
Exhibits renovated	173	219

Three-dimensional visual aids were developed for use by Department personnel in presenting instructional information.

Motion Picture Activities. While the total number of films and television short subjects produced decreased during the 1956 fiscal year, the number of full-length productions increased. These films are produced under the Working Capital Fund on a reimbursable basis. The production work accomplished during fiscal year 1956 is as follows:

Type of Production	Films for USDA		Total Film Productions	
	1955	1956	1955	1956
Full length production (15-30 Min.)	13	13	33	49
Television Packages (5 min.)	25	16	25	16
TV shorts (less than 3 min.)	17	7	47	24
Total	55	36	105	89

The Department cooperates with the States and other non-Federal organizations in the production and distribution of agricultural films for public use.

Outstanding motion pictures produced during fiscal year 1956 include:

MODERNIZING MARKETING FACILITIES. Shows the facilities used in bringing food from the farmer to the consumer and how both facilities and methods of handling are being modernized.

BETTER SEEDS FOR BETTER GRASSLANDS. This is a story of the breeding and release of better legume and grass varieties for grassland improvement.

FROM THE RIDGE TO THE RIVER. This film tells the story of local watershed organization. It dramatizes a local watershed problem and shows how farmers and city folk organized to solve it.

DAYS OF A TREE. Produced in cooperation with the State Foresters of the Northeastern States, the film stresses the need for forest fire prevention. It has a special appeal to youth and the sportsmen of the country.

FROM THE GROUND UP. Produced in cooperation with the National Plant Food Institute, the film tells the story of the soil surveyor and the importance of studying and mapping farm soils.

Film Clip Library. During fiscal year 1956, several thousand feet of 16mm original color scenes were cataloged and indexed. Six mail-order type catalogs of scenes have been published and distributed. Land-grant colleges, film producers, television networks, and stations, and other institutions and individuals use the footage from this library. Footage from this library is also used in USDA productions of current agricultural films.

Film Distribution Services. Major distribution of USDA motion pictures continued to be handled through the 74 cooperating film libraries located at land-grant colleges and universities. Since television stations prefer a single source for motion pictures, a policy of serving TV requirements directly from Washington was adopted. A special TV film distribution service is now in operation and a special TV film catalog will be published in the near future.

Department agencies were kept informed of the release of new USDA films and agricultural motion pictures produced by commercial producers and facilities were provided to view these films. Work continued on the compilation of information on new agricultural films with a view toward publishing a catalog of nongovernment films on agriculture.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allotments from Soil Bank Program, Agriculture:			
Acreage reserve program	- -	$10,920	$12,840
Conservation reserve program	- -	7,280	8,560
Total, Soil Bank Program	- -	18,200	21,400
Allocation from International Cooperation Administration:			
Training services and technical consultation	9,280	10,000	- -
Trust Funds:			
Miscellaneous Contributed Funds, Department of Agriculture:			
Funds deposited by cooperators for preparation and distribution of exhibits and motion pictures	12,613	16,244	16,000
Refund of unused deposits to cooperators - prior year advances	10,925	- -	- -
Total, Miscellaneous Contributed Funds	23,538	16,244	16,000
Obligations under Reimbursements From Governmental and Other Sources:			
Salaries and expenses:			
For photographic reproductions and motion picture services	34,042	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	66,860	44,444	37,400

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books ...". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and wasted time by enabling scientists and administrators to know what has been done previously in that field. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photoreproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world. The book collection approximates 1,050,000 volumes.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six specialized field branches serving major field research installations. In addition five State agencies provide library services to Department employees in designated geographical areas under cooperative agreements.

On November 30, 1956, the Library had 153 employees of whom 136 were in Washington and 17 in the field.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds	$735,000	$824,000

Salaries and Expenses

Appropriation Act, 1957 and base for 1958	$735,000
Budget Estimate, 1958	824,000
Increase	+89,000

SUMMARY OF INCREASES, 1958

To strengthen library services essential to the expanded research activities of the Department	+52,000
For contribution to the retirement fund pursuant to Public Law 854	+37,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase: Retirement Costs (P.L. 854)	Increase: Other	1958 (estimated)
1. Agricultural library services:					
a. General library services	$461,103	$485,000	+$24,400	+$26,000	$535,400
b. Specialized services to research	237,238	250,000	+12,600	+26,000	288,600
Unobligated balance	1,609	- -	- -	- -	- -
Total retirement costs (P. L. 854)	- -	- -	[+37,000]	[+2,100]	[39,100]
Total appropriation or estimate	699,950	735,000	+37,000(2)	+52,000(1)	824,000

INCREASES

(1) An increase of $52,000 to provide library service in connection with the accelerated research programs of the Department.

Need for Increase: The research worker must have access to all publications in his field in order to prevent costly and time-consuming duplication of work previously done, as well as to provide him assistance and guidance in his project. This information should be available in the Library. The intensified research programs now being developed in all parts of the Department are placing responsibilities on the Library which it cannot and will not be able to meet unless additional funds are provided.

The most urgent need is for funds to enable the Library to complete its collection of fundamental books and journals in the field of agriculture and related sciences. A particular need is for new materials for research areas or projects such as electrical engineering in connection with the telephone program of the Rural Electrification Administration, atomic energy where radio isotopes are being used as tracers for following the absorption and movement of specific elements

in soils and plants, and biometrics where new standards are being developed and applied, and to acquire the new scientific journals which are continually being initiated. The Library obtains many publications through purchase and through exchange arrangements with scientific institutions, but has reached a point where it is necessary to purchase many additional journals being published by commercial presses if required publications to serve research personnel are to be maintained.

A further need is for funds to employ additional staff to select and determine which publications are needed, to locate sources of publications, to place orders, and to classify and prepare the material for use. Employee suggestions and management improvements made during the past ten years have enabled the Library to simplify these procedures and absorb additional work loads, but increased Department demands for assistance create the need for more staff.

The third need is for funds to service the publications when they are available for use. Some agencies presently are sending their research personnel to the Library for as long as two weeks or more to do their own searching of the literature because the Library does not have sufficient staff to provide the desired information at the time it is needed. This searching of the literature usually can be performed more quickly and completely by trained librarians who know the printed sources and are adept in the skills of bibliographic and reference search, and will also permit the scientist to use his time more effectively.

The fourth need is for funds to increase payments to four land grant college libraries and one experiment station library which provide contract service to Department field workers on a geographical basis. With increases in the cost of publications and salaries, state agencies have found that the cost of providing these services is now in excess of the amount that the Department Library is paying them. In order to continue these arrangements, the Department's full share of the cost must be met.

The fifth need is for funds to acquire publications and provide adequate staff in the branch libraries located at the four Utilization Research Branches and the Agricultural Research Center of the Agricultural Research Service and the Forest Products Laboratory of the Forest Service. These are the Department installations responsible for intensive research in such projects as better adaptation of wood and wood products to modern consumption and utilization research to eliminate surpluses in commodities such as cotton and animal fats and oils. The Library must provide library service and assistance in these areas.

Plan of Work: Additional titles of books and journals in new scientific fields as well as in the established ones will be purchased by the Library in order to provide the staff with a source of the latest information. Small additions to the Library staff will enable it to acquire immediately these publications and prepare them for public use. Reference and lending services will be augmented to

meet the expanded needs. As a result of a review of bibliographic services, emphasis will be given to increasing the number of special bibliographies required by staff workers. Additional staff and publications will be provided each of the library branches to enable them to meet the basic needs of workers at the Department's research installations.

Additional funds will be provided to the land grant college libraries to meet the increased costs of providing contractual library service to other Agriculture Department field workers.

(2) An increase of $37,000 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Current Activities: The primary function of the Library, as directed in the basic law which created the Department of Agriculture, is to collect current and historical material and organize it for maximum service. It also serves as the National Agricultural Library. The Library makes available to the research workers of the Department, agricultural colleges and universities, other research and educational institutions throughout the world, individual farmers, and the general public the agricultural knowledge of the world which is contained in its literature. This is accomplished through three major types of activity:

Technical processes services, including selection, acquisition, classification, cataloging and preparation for use of all books, periodicals and other material added to the library collection in Washington and the field;

Bibliographic services, including bibliographic liaison with research and technical personnel, compilation and editing of special bibliographies and provision of an index to the world literature on agriculture through the Bibliography of Agriculture; and

Reference and lending services, including individual reference and lending work, making photographic or microfilm copies of articles, coordinating these services for field personnel through branch libraries and contract agreements with libraries of agricultural institutions, and preserving and maintaining the nation's and world's heritage of published knowledge in the field of agriculture.

These services are coordinated directly with the Librarian of Congress and the Director, National Library of Medicine.

Selected Examples of Recent Progress:

1. Acquisition of publications. A continuous intensive acquisition program has been carried on in an effort to provide the major agricultural publications needed by the Department's workers, research personnel, farmers and the public generally. The collection still lacks essential agricultural information published in foreign countries, as well as many important domestic publications. The aggressive gifts and exchange program resulted in the acquisition of approximately 70% of the material received. A tabulation of major acquisition statistics for the past five years and estimates for 1957 and 1958 follows:

Year	Obligations for publications	Number of publications received from all sources (gifts, exchanges and purchases): Volumes added to collection	Number of periodical issues: Received	Retained
1952	$ 44,747	32,349	541,325	272,770
1953	44,478	37,020	611,279 a/	284,743
1954	47,839	34,461	594,646	274,695
1955	45,366	21,451 b/	603,387	275,112
1956	44,726	25,414 b/	591,791	293,774
1957 Est.	46,000	30,000	600,000	300,000
1958 Est.	53,900	32,000	610,000	300,000

a/ This increase shown in number of periodical issues received was attributed largely to materials received from various mid-west colleges which were duplicates of serials already in the Library collection.

b/ These decreases in the volumes added to the collection were due primarily to the reduction in the number of volumes bound and decrease in the branch inventories.

Note: The figures in "Volumes added to collection" exclude the backlog of unprocessed material comprised of approximately 23,000 volumes at the end of 1956.

2. Reference and Lending Services. A number of management improvements, some which were due to employee suggestions, reorganization of the reference work, and the centralization of the photocopying work resulted in more efficient handling of the reference and lending work. This adjustment is reflected in the following statistics which show small increases in both reference and circulation services.

	1955 a/	1956	Percent of increase (+) or decrease (-)
Volume of loans and circulations:			
Washington	384,122	372,471	- 3.0
Field	764,258	798,494	+ 4.4
Total	1,148,380	1,170,965	+ 2.8
Reference questions answered:			
Washington	94,370	97,281	+ 3.1
Field	39,561	43,789	+10.7
Total	133,931	141,070	+ 5.3

a/ Adjustment of 1955 figures for comparability to 1956 figures necessitated by adoption of new procedures.

3. Preparing Published Material for Use. During 1956, 15,269 titles were classified, cataloged and arranged to make valuable information readily available to Department workers. 293,774 serial publications were recorded and made a part of the collection.

4. Bibliographic Services. As the result of a questionnaire circulated to domestic subscribers of the Bibliography of Agriculture, the policy concerning material to be included in this index to the collection in the field of agriculture and the related sciences was modified. Items of limited importance are being gradually eliminated and greater effort has been made to emphasize material of primary importance to the users. 97,202 items were included in this Bibliography during 1956, a decrease of 3,496 under the 1955 figure.

There were 35 bibliographies, indexes and lists prepared on specialized subjects. Examples of this type of service are three bibliographies on tropical plants prepared for U. S. specialists at the Federal Experiment Station in Puerto Rico who were working on the introduction of plants in that area for commercial use, and a selected bibliography on Weather Crop Relations in the Great Plains prepared for the Joint Research Committee on Weather and Agriculture in the Great Plains.

5. Preservation and Maintenance of the Collection. The Library continues to have its binding completed by a small business concern under a waiver issued by the Public Printer. Under the 1956 contract 5,000 volumes were bound for the main library and 1,285 volumes for various field branches.

962 titles (7,649 pieces) were decataloged in the field of medicine and hygiene as of limited value. These were made available to the Armed Forces Medical Library, the Library of Congress, the National Institute of Health, and the Veterans Administration. This activity, and a policy change on the number of copies of USDA publications retained for the collection, provided some relief to the serious question of adequate stack space.

6. Photocopy Services. Continuing the policy of centralizing work which can be handled more effectively in one unit, the portion of the photocopy work being performed by the Reference Section was transferred to the Circulation and Photocopy Section. This centralization has resulted in a smoother running operation and speedier service. 46,297 orders consisting of 446,759 pages of microfilm and photoprint were completed. Of this number, 17,603 orders, totaling 193,603 pages were provided free of charge to the Department's agencies and the cooperating libraries. For the remaining orders, $43,974 was received in reimbursement for the cost of operation.

PRINCIPAL OVERALL VOLUME OF WORK STATISTICS
Actual Fiscal Years 1952-1956
Estimated 1957-1958

	ACTUAL					ESTIMATED	
	1952	1953	1954	1955	1956	1957	1958
Titles cataloged	15,536	16,809	16,295	15,070	15,269	16,000	16,750
New cards added to library catalog	77,855	87,407	85,413	71,519	67,333	70,000	75,000
Loan of books or periodicals a/	1,268,054	1,218,244	1,145,236	1,148,380	1,170,965	1,200,000	1,225,000
Reference questions answered a/	138,242	136,855	130,677	133,931	141,070	145,000	150,000
Serial publications entered	272,770	284,743	274,695	275,112	293,774	300,000	300,000
Requests for photocopy filled	43,767	43,168	49,432	48,187	46,297	47,000	47,000
Items indexed in Bibliography of Agriculture	95,962	99,993	95,670	100,698	97,202	98,000	98,000
Volumes bound	9,508	6,068	9,264	5,893	6,285	6,300	6,750
Obligations for books, periodicals, newspapers and other publications	$ 44,747	$ 44,468	$ 47,839	$ 45,366	$ 44,726	$ 46,000	$ 53,900

a/ Adjustment of figures, 1952 through 1955, to a comparative basis with 1956 to reflect change in procedures adopted in 1956.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1956, were actually received or programmed for 1957 or 1958. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1956	Estimated Obligations, 1957	Estimated Obligations, 1958
Allocations and Working Funds (Advances from other agencies):			
Agricultural Research Service -			
1. For special bibliographical services on bee culture	$917	- -	- -
2. Return of unobligated balance to agency from which advanced	2,803	- -	- -
Total	3,720	- -	- -
International Cooperation Administration -			
For expenses in connection with training activities and technical assistance	10,000	$10,000	- -
For maintaining a publications exchange center to facilitate the flow of Land-Grant college publications to and from recognized depositories in foreign countries	16,718	- -	- -
Total, International Cooperation Administration ...	26,718	10,000	- -
Total, allocations and working funds	30,438	10,000	- -
Obligations Under Reimbursements from Governmental and Other Sources:			
Salaries and Expenses:			
For bibliographies, photographic reproductions and other special library services	109,626	92,000	$21,200
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	140,064	102,000	21,200

COMMODITY STABILIZATION SERVICE

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. The board consists of the Secretary of Agriculture and six other members appointed by the President and confirmed by the Senate. In addition, the Corporation has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Commodity Stabilization Service and the Agricultural Stabilization and Conservation State and County Committees in carrying out Corporation activities. In its commodity storage operations the Corporation utilizes the services and fleet facilities of the Maritime Administration, and in its barter and stockpiling operations those of the General Services Administration. The Corporation also utilizes to the fullest extent practicable the usual and customary channels, facilities, and arrangements of trade and commerce in the conduct of its business. In its lending activities the Corporation uses local banks, cooperatives, and other private lending agencies. Commercial storage facilities are used to a great extent in the storage of loan collateral and in the storage of stocks acquired by the Corporation.

Operations - Operations in the budget are conducted under five types of programs: (1) price support, (2) supply and foreign purchase, (3) storage facilities, (4) commodity export, and (5) special activities.

1. Price Support Program - Price-support operations are carried out under the Corporation's charter powers, in conformity with the Agricultural Act of 1949 (63 Stat. 1051), the Agricultural Act of 1954 (68 Stat. 897), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (70 Stat. 188) and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 (59 Stat. 506). Under the Agricultural Act of 1949, price support is mandatory for six basic commodities--corn, cotton, wheat, rice, peanuts, and tobacco--and specific nonbasic commodities, namely tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for wool and mohair is mandatory under the National Wool Act of 1954. Price support for other nonbasic agricultural commodities is discretionary. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are "non-recourse" and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454), and title I of the Agricultural Act of 1954 (68 Stat. 897) and Title II of the Agricultural Act of 1956. To the extent that price-support commodities are disposed of for foreign currencies, redemptions in CCC commodities of acreage reserve certificates under the Soil bank program, and similar operations, such disposals for accounting purposes are treated as price-support program disposals.

In order to expand the domestic market for fluid milk, as one means of reducing the volume of dairy products being acquired by the Corporation, a special program was authorized by section 201 of the Agricultural Act of 1949, as amended. This authorization provided that beginning September 1, 1954, and ending June 30, 1958, funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under and in nonprofit nursery schools, child-care centers, settlement houses, summer camps and similar nonprofit institutions devoted to the care and training of children. The authorizations for each fiscal year were: 1955, $50 million; 1956, $60 million; 1957 and 1958 $75 million each.

As a further means of increasing the utilization of dairy products, section 202 of the Agricultural Act of 1949, as amended, authorized a special program to operate through December 31, 1958, under which the Corporation is donating butter, cheese, and dried milk to Veterans' Administration and the armed services upon certification by them that the usual quantities

of dairy products have been purchased in the normal channels of trade. The Corporation is also reimbursing these agencies at the rate of $4.10 per cwt. for purchases of fluid milk made in addition to their usual purchases.

Section 407 of the Agricultural Act of 1949 authorized the Corporation to make available farm products for use in distress areas and in connection with any major disaster determined by the President to warrant assistance under Public Law 875. Under this authority the Corporation has donated stocks of corn, oats, barley and grain sorghums in a manner which enabled stockmen and farmers in drought stricken areas to buy livestock feed at reduced prices.

2. Supply and Foreign Purchase Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with procedures and policies reasonably calculated to assure compliance with section 4 of the act of July 16, 1943 (15 U. S. C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of such act may involve losses if such are necessary to the accomplishment of the objects of the particular operation.

3. Storage Facilities Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a). The Corporation (a) purchases and maintains granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) makes loans for the construction or expansion of farm storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. Commodity Export Program - The Corporation promotes the export of agricultural commodities and products through sales, barters, payments and other operations. Such commodities and products may be those held in private trade channels as well as those in CCC inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), sections 407 and 416 of the Agricultural Act of 1949, as amended, the International Wheat Agreement Act of 1949, the Agricultural Trade Development and Assistance Act of 1954, and Title I of the Agricultural Act of 1954. In general, transactions

involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954. However, other such transactions may be conducted under the charter authority.

Current obligations for operations under the International Wheat Agreement and Title I of the Agricultural Trade Development and Assistance Act of 1954, which operations are described in the estimates under the heading "Special Commodity Disposal Programs, Commodity Stabilization Service," are paid by the Corporation. Appropriations have been authorized to reimburse the Corporation for its costs incident to these programs and pending such reimbursements the net costs of these programs are reflected in the records of the Corporation as accounts receivable.

Currently, in addition to exports under the International Wheat Agreement, CCC wheat is available for export trade under barter programs of CCC at competitive world prices. CCC wheat is also made available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free market wheat outside the International Wheat Agreement and under this Agreement. Cash payments are made on all exports of wheat flour either under the IWA or outside the agreement.

Effective August 1, 1956 the Corporation inaugurated a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

5. Special Activities - These are miscellaneous activities carried out under authority of section 5 (g) of the Corporation's charter and specific statutory authorizations with respect thereto which are currently in effect or which may be subsequently enacted.

Among the current activities of this nature are loans to the Secretary of Agriculture in connection with the Agricultural Conservation Program as authorized by section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1391); advances to the Agricultural Research Service for eradicating contagious diseases of animals and poultry as authorized by annual Department of Agriculture Appropriation Acts and for accelerating the eradication of brucellosis as authorized by section 204 of the Agricultural Act of 1954; advances to the Agricultural Marketing Service for grading tobacco and classing cotton as authorized by the acts of June 29, 1949, and August 31, 1951 (7 U. S. C. 440, 414a); the furnishing of stock of agricultural commodities to the President for emergency assistance to friendly peoples in meeting famine or other urgent relief requirements as authorized by the act of August 7, 1953 (67 Stat. 476) and Title II of the Agricultural Trade Development and Assistance Act; financing activities authorized by the National Wool Act of 1954 (7 U. S. C. 1781-1787); advances to the Secretary of Agriculture for financing the Soil Bank Program during the fiscal years 1956 and 1957 pursuant to Section 120 of the Agricultural Act of 1956 (70 Stat. 197); and transfers of CCC grain to Interior Department for migratory waterfowl feed pursuant to the Act of July 3, 1956 (70 Stat. 492).

A more detailed description of the operations under these programs may be found in the Explanatory Notes under appropriations pertaining to the Agricultural Conservation Program Service, the Agricultural Research Service, the Agricultural Marketing Service, the Commodity Stabilization Service, and the Soil Bank Program.

Current obligations for these activities are paid by the Corporation and appropriations have been authorized to reimburse the Corporation for its costs. Pending such appropriations the net costs of these programs are reflected in the records of the Corporation as accounts receivable.

Financing - The Corporation has an authorized capital stock of $100,000,000. held by the United States, and authority to borrow up to $14,500,000,000.

The programs of the Commodity Credit Corporation are financed by capital stock, borrowings from the Treasury, guarantees to purchase loans held by lending agencies, appropriations for restoration of capital impairment and receipts from operations.

	Appropriated, 1957	Budget Estimate, 1958
Restoration of capital impairment	$929,287,178	$1,239,788,671
Administrative expense limitation	a/ 33,500,000	38,400,000

a/ Includes proposed supplemental authorization of $2,500,000.

COMMODITY CREDIT CORPORATION

Basic Assumptions

The Corporation's budget estimates for 1957 and 1958 are based on the general assumptions (a) that employment, production, and national income will rise moderately both in 1957 and 1958 from the 1956 level; (b) that prices will change little, on the average, from the present level; (c) that developments in international relations will not be such as to affect Government civilian programs generally; (d) that exports of agricultural products will be higher than at present; (e) that acreage allotments and marketing quotas will be in effect for the 1957 crops of peanuts, rice, wheat, cotton, and certain kinds of tobacco, and acreage allotments will be in effect for the 1957 crops of corn in accordance with existing legislation; (f) that substantial acreage reductions will be made in the 1957 crops of the basic commodities as a result of the Soil Bank Program; (g) that yields for the 1957 crops will be as high as those for the 1955 crops or indicated for the 1956 crops; and (h) that the percentage of estimated production of the 1956 and 1957 crops placed under price support will be as high as the percentage of the production of the 1955 crops or indicated percentage of 1956 crops placed under price support. Wheat and corn are exceptions to the latter assumption. Recent changes in the Corporation's wheat export program, providing for the sale of wheat for export from free markets rather than from CCC stocks, are expected to result in lower proportions of that commodity being placed under support. In the case of corn non-compliers under the acreage allotment program were eligible for price support on the 1956 crop, but will not be eligible for 1957 crop support. Therefore, the percentage of the crop going under price support used in these estimates is the same as the previous record high, that for 1948.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the year ending June 30, 1958. They are dependent upon weather conditions, volume of agricultural production in this country and abroad, economic conditions generally, food needs in occupied areas and other foreign countries, availability of dollar exchange, and other complex and unpredictable factors.

Price Support Operations

General Outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, the estimates reflect a decrease in overall volume of price support operations in 1957 and in 1958. They indicate in the aggregate that if dispositions materialize as currently estimated, the investment in price support may be reduced in both years.

Loans - The Budget Estimates contemplate that loans made will decrease from $3.0 billion in 1956 to $2.9 in 1957 and to $2.5 billion in 1958. The estimated decrease for 1957 is due principally to decreased cotton and wheat loans on the 1956 crop, offset in part by increased loans on the 1956 crop of corn and soybeans. The decrease in loans estimated for 1958 reflects primarily fewer wheat, corn and cotton loans coupled

with relatively smaller decreases in loans on rice and tobacco resulting from acreage reductions for basic crops due primarily to the soil bank program.

A comparison of the estimated loan activity for each of fiscal years 1957 and 1958 with the actual volume in 1956 is summarized as follows:

Type of Activity	Actual F. Y. 1956	Estimated F. Y. 1957	Estimated F. Y. 1958
	(In million dollars)		
Loans made	$3,016	$2,908	$2,528
Repayments	538	1,140	951
Loan collateral forfeited	2,291	2,010	1,581
Loans outstanding, end of year	2,285	2,043	2,039

Inventories - The Budget Estimates contemplate that the value of price support inventories as of June 30, 1957 will decrease about 7% below that of June 30, 1956 and that a 6% decrease below the June 30, 1957 level will occur by June 30, 1958. The major decreases in inventory expected to take place during each of the fiscal years are due to dispositions of wheat and cotton. A comparison of the estimated inventory activity for each of the fiscal year 1957 and 1958 with the actual volume for 1956 is summarized as follows:

Type of Activity	Actual F. Y. 1956	Estimated F. Y. 1957	Estimated F. Y. 1958
	(In million dollars)		
Acquisitions and carrying charges	$3,723	$3,540	$3,026
Dispositions	2,723	3,976	3,352
Inventory at end of year	5,972	5,536	5,210

The value of the estimated inventory both as of June 30, 1957, and June 30, 1958, includes the "Commodity set-aside" as provided for in Title I of the Agricultural Act of 1954.

Investment in Price Support - As a result of the loan and inventory activity shown above, it is estimated that the investment in price support - that is, inventories and loans outstanding - as of June 30, 1957 and June 30, 1958, will be about $7.6 billion and $7.2 billion, respectively, compared with $8.3 billion as of June 30, 1956.

Commodity Program Summaries - The following summaries describe the price support and other operations which the Corporation anticipates will be required during each of the fiscal years 1957 and 1958 and the basis for such estimates. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957 crop corn at not more than 90 percent nor less than 75 percent of parity as required by law.

Eligibility: To be eligible for loan, corn must be ear or shelled corn produced in 1957 grading No. 3 or better, or No. 4 on test weight only meeting moisture requirements, and sanitation requirements of Food and Drug Administration.

Corn delivered under a purchase agreement shall meet the above requirements, and must grade No. 5 or better, or may bear the special grade, "Weevily" in addition to the numerical grade.

Eligible participants are 1957 crop corn producers who are in compliance with acreage limitation requirements contained in regulations approved by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from harvest (about August 1, 1957) through May 31, 1958 maturing July 31, 1958 or earlier on demand. In areas where the ASC State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the committee. The announced minimum average level of support in the commercial corn area is $1.36 per bushel, which reflects 77 percent of parity as of October 15, 1956. This announced price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of October 1, 1957, the beginning of the marketing year. The support rate outside the commercial area is 75% of the commercial area rates. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored, and note-and-loan agreement basis for warehouse-stored corn.

Purchase agreements are offered to producers from harvest (about August 1, 1957) through May 31, 1958. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1958. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431); and Title III, Section 308 of the Agricultural Act of 1956 (Public Law 540-84th Congress).

BASIS OF ESTIMATE:

Assuming (1) a harvested acreage of 72 million acres which is 5.6 million acres below that harvested in the 1956 crop, and (2) a yield per acre of 44 bushels (the same as is currently anticipated for the 1956 crop), a production of 3.2 billion bushels is indicated for the 1957 crop - about 244 million bushels less than is currently estimated for the 1956 crop.

Should price support extended on the 1957 crop equal 15 percent of the production, as was the case in the previous record 1948 crop, it is estimated that price support will be obtained on 490 million bushels of corn during the fiscal year 1958 compared with 605 million bushels estimated for the fiscal year 1957 and actual price support extended during the fiscal year 1956 on 425.5 million bushels. Acquisitions of prior year loans during the fiscal year 1958 are estimated at 372 million bushels compared with 38.4 million bushels anticipated during 1957 and actual acquisitions during fiscal year 1956 of 279.6 million bushels. Sales activity during fiscal year 1958 is anticipated to total 222 million bushels compared with 204 million estimated for fiscal year 1957 and actual sales during year 1956 of 151.5 million bushels. The increase in 1958 over 1957 is primarily due to higher domestic sales of old corn which may be in danger of going out of condition.

Current Outlook:
A referendum was held on December 11, 1956, to determine whether soil bank base acreages or acreage allotments would be in effect. The producers voted to continue acreage allotments. This will have a decided effect on corn production and on the estimated quantities of corn which will be placed under support as well as on estimated repayments and sales. The final expenditures for corn in the fiscal years 1957 and 1958 will depend on the nature of the corn program that is finally adopted.

Cornmeal: Price support stocks of corn are exchanged for cornmeal and subsequently donated for export under the authority of Section 416 of the Agricultural Act of 1949. It is estimated that 395.6 million pounds valued at $19.8 million will be so exported in each of the fiscal years 1957 and 1958.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop upland cotton at not more than 90 percent of parity nor less than 75 percent of parity, and extra long staple cotton at 75 percent of parity as required by law.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1956 and extra long staple cotton produced from 1956 plantings in designated areas, of specified grade and staple length, in bales of at least 350 pounds not compressed to high density.

Eligible participants are producers of 1956-crop cotton with legal right to pledge it as security for a loan, and acceptable cotton cooperative marketing associations. Producers must comply with applicable regulations prescribed by the Secretary with respect to acreage allotments and marketing quotas.

Operations: Nonrecourse warehouse and farm storage loans are available from about July 1, 1956 through April 30, 1957 on: (1) upland cotton in all cotton-producing States; (2) American-Egyptian cotton produced in designated areas of Arizona, California, Texas, and New Mexico; (3) Sealand and Sea Island cotton produced in designated areas of Georgia and Florida; and (4) Sea Island cotton in Puerto Rico. Loans mature July 31, 1957, or earlier on demand.

The average level of support for Middling 7/8-inch upland cotton, gross weight, is 29.34 cents per pound, which reflects 82½% of parity as of August 1, 1956 the beginning of the marketing year. The average support price for extra long staple cotton is 56.62 cents per pound, which reflects 75% of parity as of August 1, 1956 with an average of 56.70 for American-Egyptian and 51.70 cents for Sealand and Sea Island. Premiums and discounts, with appropriate location differentials will apply, except that no location differentials will be established for Sealand and Sea Island Cotton.

Loans are made on warehouse-stored cotton covered by Producer's note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies, or direct from the Corporation and by cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale, except that no charge will be made if samples are submitted under the Smith-Doxey Program.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended, (7 U.S.C. 1441, 1421-1431).

BASIS OF ESTIMATE:

Upland cotton: Acreage allotments and marketing quotas will be in effect on 1957-crop Upland cotton. Assuming (1) that 13,700,000 acres of the allotted 17,585,463 acres will be harvested, due primarily to the effects of the Soil Bank Program, and (2) a yield per acre of 417 pounds, the same as the actual yield of the 1955 crop, a production of 11,755,000 bales is indicated for the 1957 crop -- 1,201,000 bales less than is currently anticipated for the 1956 crop.

Should loans on the 1957 crop equal 50 percent of the production, as was the case for the 1955 crop, it is estimated that loans will be made on 5,866,000 bales of Upland cotton during the fiscal year 1958 compared with 6,465,000 bales estimated for the fiscal year 1957 and actual loans made during the fiscal year 1956 on 7,231,023 bales. As a result of the export sales program at prices well under the domestic market price, sales are expected to increase from 1,186,834 bales in the fiscal year 1956 to 6.5 million bales during fiscal year 1957 with a decrease to 4.5 million bales in the fiscal year 1958.

Extra long staple cotton: Acreage allotments and marketing quotas will be in effect on 1957-crop extra long staple cotton. Assuming (1) that 80,000 acres of the allotted 89,357 acres will be harvested and (2) a yield per acre of 570 pounds (the same as is currently estimated for the 1956 crop) a production of 92,300 bales is indicated for the 1957 crop - twice the number currently anticipated for the 1956 crop. Should loans on the 1957 and 1956 crops equal 63 percent of the production, as was the case for the 1955 crop, it is estimated that loans will be made on 58,000 bales of long-staple cotton during the fiscal year 1958 compared with 29,000 bales estimated for the fiscal year 1957 and actual loans made during the fiscal year 1956 on 26,371 bales. Heavy repayments of 1955-crop cotton in the 1956 fiscal year will result in only a small takeover by CCC in fiscal year 1957 with most of the 1956-crop loans to be acquired in fiscal year 1958.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop peanuts at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1956-crop inspected, farmers' stock, quota peanuts suitable for storage and containing not in excess of the percentages of foreign material, damaged kernels, and moisture as established by the President or Executive Vice President, CCC.

Eligible participants are producers or grower associations of producers, and shellers. Eligible producers must comply with applicable regulations prescribed by the Secretary with respect to peanut acreage allotments and marketing quotas.

Operations: Nonrecourse loans are available to eligible producers from July 15, 1956 through January 31, 1957 maturing May 31, 1957, or earlier on demand. The average level of support is $227.04 per ton (11.35¢ per lb.), which reflects 86% of parity as of August 1, 1956, the beginning of the marketing year. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored peanuts and note-and-loan agreement basis for warehouse-stored peanuts. CCC will also purchase No. 2 shelled peanuts from commercial shellers from October 1, 1956 to not later than August 31, 1957.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly Section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on the 1957-crop peanuts. Assuming (1) that 1,420,000 acres of the allotted 1,610,000 acres will be picked and threshed and (2) a yield per acre of 986 pounds (which is the same as that currently estimated for the 1956 crop), a production of 1.4 billion pounds is indicated for the 1957 crop - 89 million pounds less than is currently anticipated for the 1956 crop.

Should loans under the 1957 and 1956 crops equal 19 percent of the production, as was the case for the 1955 crop, it is estimated that loans will be made on 265 million pounds of farmers' stock peanuts during the fiscal year 1958 compared with 284.3 million pounds estimated for the fiscal year 1957 and actual loans made during the fiscal year 1956 of 299.5 million pounds. It is anticipated that there will continue to be a No. 2 shelled peanut program for the 1957 crop.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATION::

Objective: To support the price of 1957-crop rice at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1957-crop rough rice other than "mixed rough rice" grading No. 5 or better.

Eligible participants are producers and cooperative marketing associations of producers of 1957-crop rice who are in compliance with regulations governing eligibility for price support.

Operations: Nonrecourse loans are available from about July 15, 1957 through January 31, 1958 and will mature April 30, 1958, (except that an earlier date may be set in some States) or earlier on demand. As marketing quotas are approved, the level of support will be the announced minimum of $4.43 per cwt., which reflects 80% of parity as of October 15, 1956. This announced price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of August 1, 1957, the beginning of the marketing year. Premiums and discounts apply for the various varieties, grades, and milling qualities. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses.

Purchase agreements are offered to producers from about July 15, 1957 through January 31, 1958. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period ending on April 30, 1958 during which to declare their intention to sell. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 as amended (7 U.S.C. 1441, 1421-1431).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect for the 1957-crop of rice. Assuming (1) that 1,405,000 acres of the allotted 1,652,596 acres will be harvested, due in part to the effects of the Soil Bank Program; and (2) a yield per acre of 29 hundredweight (which is the same as the actual yield on the 1955 crop), a production of 41,160,000 hundredweight of rough rice is indicated for the 1957 crop - 5,130,000 hundredweight less than is currently anticipated for the 1956 crop.

Should price support extended on the 1957 and 1956 crops equal 49 percent of the production, as was the case for the 1955 crop, it is estimated that price support will be extended on 20.2 million hundredweight of rice during the fiscal year 1958 compared with 22.7 million hundredweight estimated for the fiscal year 1957 and actual price support extended during the fiscal year 1956 on 26.3 million hundredweight.

It is anticipated that acquisitions of rice during the fiscal year 1958 will total 16.2 million hundredweight compared with estimated 19.8 million hundredweight estimated during the fiscal year 1957 and actual acquisitions during the fiscal year 1956 of 25.5 million hundredweight. It is estimated that during the fiscal year 1958, 16.7 million of rough rice will be sold to millers and 11.7 million hundredweight will be repurchased as milled rice, compared with sales of 23.9 million hundredweight and repurchases of 16.8 million hundredweight anticipated during the fiscal year 1957 and actual sales and repurchases during the fiscal year 1956 of 14.6 million hundredweight and 8.3 million hundredweight, respectively. Sales of milled rice, primarily for export, are estimated at 12 million hundredweight during the fiscal year 1958 compared with 20.4 million hundredweight anticipated during the fiscal year 1957 and actual sales during the fiscal year 1956 of 6.3 million hundredweight. The large increase in 1957 is caused by heavy exports under Title I of Public Law 480.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop tobacco as required by law.

Eligibility: Eligible commodity is tobacco of the 1956-crop grown in the United States and in Puerto Rico. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of Pennsylvania Seedleaf Type 41 tobacco will not receive price support on the 1956 crop since they disapproved marketing quotas.

Operations: Nonrecourse loans are offered to cooperators at following levels during the periods indicated and mature on demand:

	Announced minimum average support Price per lb.	Support level		Loans Available	
		% of Parity	Parity as of	Earliest Date	Latest Date
Flue-cured ...	$.489	90	7/1/56	7/1/56	2/28/57
Burley	.472	90	10/1/56	11/1/56	4/30/57
Fire-cured ...	.354	75 (of burley)	10/1/56	11/1/56	4/30/57
Dark air-cured and sun-cured	.315	66-2/3 (of burley)	10/1/56	11/1/56	4/30/57
Maryland	.462	90	10/1/56	4/1/57	11/15/57
Cigar filler & binder	.368	90	10/1/56	9/1/56	7/31/57
Puerto Rican .	.314	89	10/1/56	2/1/57	9/30/57

Loans are made through producer associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. Costs incurred incidental to placing loan tobacco in storable condition and overhead costs of the cooperatives are advanced by CCC to the associations and become a part of the principal loan outstanding. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1-1/2 cents per month per $100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per $100 per month on tobacco stored in Puerto Rico.

Under the loan agreements the associations servicing the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to pass this charge

on to the grower. The charge in cigar-type areas, where the auction system is not used, will be established at a rate proportionate to the relative costs involved in each area.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431), and Section 2 of the Act of July 28, 1945 (59 Stat. 506).

BASIS OF ESTIMATE:

Assuming (1) that acreage allotments and marketing quotas will be in effect on certain types of 1957-crop tobacco; (2) a harvested acreage of 1,190,000 which is 225,000 acres below that harvested in the 1956 crop due in part to the effects of the Soil Bank Program; and (3) a yield per acre of 1,523 pounds (the same as the yield currently estimated for the 1956 crop), a production of 1.8 billion pounds of tobacco is indicated for the 1957 crop - 343 million pounds less than is currently anticipated for the 1956 crop.

Should loans on the 1957 and 1956 crops equal 18 percent of production, as is currently anticipated for the 1956 crop, it is estimated that loans will be made on 331.5 million pounds of tobacco during the fiscal year 1958 compared with 395 million pounds estimated for the fiscal year 1957 and actual loans made during the fiscal year 1956 on 367 million pounds. Redemptions of loans, primarily of prior year stocks, are estimated to be made on 348 million pounds during the fiscal year 1958 compared with an estimate of 315.6 million pounds during the fiscal year 1957 and actual repayments of 296.4 million pounds during the fiscal year 1956.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop wheat at not more than 90 nor less than 75 percent of parity as required by law.

Eligibility: Eligible commodity is wheat produced in the Continental United States in 1957 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "durum" and/or "Red Durum" but otherwise grading No. 3 or better, and meeting sanitation requirements of Food and Drug Administration in a manner determined by the President or Executive Vice President. Wheat producers in the commercial producing areas must comply with applicable regulations prescribed by the Secretary with respect to wheat acreage allotments and marketing quotas.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1957) through January 31, 1958 and will mature February 28, 1958 in designated States and March 31, 1958 in other States, or earlier on demand. As marketing quotas were approved, the level of support in the commercial wheat-producing area will be $2.00 per bushel which is 82.6 percent of transitional parity as of June 15, 1956. This announced price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of July 1, 1957, the beginning of the marketing year.

The level outside the commercial wheat producing area will be 75 percent of that in the commercial wheat-producing area. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be on a note-and-chattel mortgage basis and warehouse-storage loans on a note-and-loan agreement basis.

Purchase agreements will be offered to producers from about May 15, 1957 through January 31, 1958. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his entention to sell within a 30-day period ending on the applicable loan maturity date, or on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect for the 1957-crop of wheat. Assuming (1) that 40 million acres of the allotted 55 million acres will be harvested, due primarily to the effects of the Soil Bank Program; and (2) a yield per acre of 19.8 bushels (which is the same as the yield on the 1955 crop) a production of 792,000,000 bushels of wheat is indicated for the 1957 crop-183,517,000 bushels less than is currently anticipated for the 1956 crop.

Recent changes in the Corporation's wheat export programs providing that sales will be drawn from free market stocks rather than from CCC stocks are expected to result in lower proportions of production being placed under support. Consequently it is estimated that price support will be extended on 175 million bushels of wheat during the fiscal year 1958 and 263.8 million bushels during the fiscal year 1957 compared with 335.5 million bushels under support during fiscal year 1956.

It is anticipated that acquisitions of wheat during the fiscal year 1958 will be 38 million bushels compared with an estimate of 105.3 million bushels in fiscal year 1957 and actual deliveries of 261.9 million bushels in fiscal year 1956. Sales of 221 million bushels are estimated during fiscal year 1958 compared with an estimate of 254 million bushels in fiscal year 1957 and actual sales of 282.3 million bushels in fiscal year 1956, reflecting the Corporation's new policy which restricts sales of CCC wheat primarily to CCC barter programs and the payment of the price differential on export sales in wheat instead of cash.

Wheat Flour: Price support stocks of wheat are exchanged for wheat flour and subsequently exported under programs financed by CCC. It is estimated that in each of the fiscal years 1957 and 1958, 515 million pounds of wheat flour with an approximate cost of $36 million will be donated under Section 416 of the Agricultural Act of 1949. Activity during fiscal year 1956 consisted only of exports of 58.2 million pounds valued at $4.2 million for emergency relief requirements under Title II of Public Law 480.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey as required by law.

Eligibility: Eligible participant is any individual, partnership, association, or corporation producing 1956-crop extracted honey.

Eligible commodity is limited to extracted honey of the 1956-crop produced in Continental United States, Hawaii, and Puerto Rico, packed in 60-pound or larger containers, equivalent to or better than U. S. Grade C, and not objectionable in flavor.

Operations: Nonrecourse farm-storage loans and purchase agreements are available from April 1, 1956 through December 31, 1956, and will mature not later than March 31, 1957. Direct purchases are authorized in Hawaii and Puerto Rice.

The national average support price of 9.7 cents a pound reflects 70% of parity as of February 15, 1956 adjusted to the 60-pound container level.

Loans are made on a note-and-chattel mortgage basis and may be obtained from approved lending agencies or direct from CCC through the Agricultural Stabilization and Conservation County Committees. Loan rate is determined on the basis of samples from the lot or lots which will be placed under loan. Honey is to be stored in approved storage structures located on or off the producers' premises, excluding public warehouses. Producers are obligated to maintain the structures in good repair and keep honey in good condition.

Purchase agreement deliveries will be accepted within the maximum quantity specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS OF ESTIMATE:

It is estimated that the production of honey in the 1956 and 1957 marketing years will be 244 million and 246 million pounds, respectively, or a decrease of 3.6 and 2.8 percent from the 1955 production, which was above the preceding 5-year average. With imports for 1956 and 1957 expected to remain at about the level of the 1955 marketing year, but with heavier

though more normal, carry-ins than at the start of 1955, total supplies for the marketing years 1956 and 1957 are indicated as 270 and 271 million pounds respectively, compared with 268 million pounds for the marketing year 1955. Exports are expected to remain about the same during the marketing years 1956 and 1957, leaving domestic disappearance for those years approximately unchanged from that of the 1955 marketing year.

As a protection against possible marketing difficulties in the marketing years 1956 and 1957, due to increased carry-ins, it is estimated that price support will be extended on approximately 3 million pounds and 4,100,000 pounds, respectively, during these two years, of which 600,000 pounds and 1,800,000 pounds may be delivered. This would be an increase over the corresponding activity during the fiscal year 1955, when price support was extended on 2,044,000 pounds of honey, none of which was acquired. It is expected, however, that all honey acquired during each of the fiscal years 1957 and 1958 will be sold during the year of acquisition.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general level of prices to producers of milk and butterfat and the products of such commodities from April 1, 1956 to March 31, 1957 as required by law.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. The following products are eligible at maximum rates indicated.

Butter (Solid packed in commercial containers):

	U.S. Grade A or higher	U.S. Grade B
	(cents per pound)	
New York	60.25	58.25
Chicago, San Francisco and Seattle	59.5	57.5

American Cheddar cheese, U.S. Grade A or higher (Packed in commercial domestic containers): 35.00 cents per lb.

Nonfat dry milk solids, U. S. Extra Grade (Packed in export containers):

	Large containers	Small containers
Spray	16.00 cents per lb.	21.00 cents per lb.
Roller	14.25 " " "	19.25 " " "

Operations: Purchases are made from manufacturers and handlers of dairy products on the basis of offers and acceptance pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts are to be dated after March 31, 1956 and not later than March 31, 1957.

Purchases of butter are on a "basing point" method. Base prices will be at the four terminal markets listed above. The purchase price at other points will be at the price of the market named by the seller less 80% of the lowest published domestic railroad carlot freight rate per pound gross weight from the offer point to the designated market. Purchase prices were computed to reflect a general level of prices to producers of 81% of butterfat parity price and 84% parity equivalent price (as of April 1, 1956) for milk used in manufacturing principal dairy products, or $3.25 per cwt. for manufacturing milk testing 3.95% and 58.6 cents per pound for butterfat.

Donations under Section 416 to the Administrator of Veterans' Affairs, and to the Secretary of the Army, acting also for the Navy, Marine Corps and Air Force, are authorized for price-supported dairy products (including milk). An allowance by CCC is made for surplus fluid milk purchased by the above agencies at rate of $4.10 per hundredweight. The latter program will expire on December 31, 1958.

To support dairy prices, beginning September 1, 1954 and ending June 30, 1958, not to exceed $50,000,000 for the fiscal year ending June 30, 1955, not to exceed $60,000,000 for the year ending June 30, 1956, and for each of the two years in the period beginning July 1, 1956 and ending June 30, 1958, not to exceed $75,000,000 of CCC funds shall be used to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under and in nonprofit child-care institutions. Payments are made through the facilities of the School Lunch Program upon certifications of use of additional milk by local schools or institutions. This operation is administered by the Agricultural Marketing Service.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-7140), particularly section 714c thereof; and Title II of the Agricultural Act of 1949 (7 U.S.C. 1446) as amended by the Agricultural Act of 1954 (Public Law 690, 83rd Congress), and Public Laws 752 and 465, 84th Congress.

BASIS OF ESTIMATE:

It is estimated that milk production in the current marketing year will total about 127.5 billion pounds, about 2.3 billion pounds more than in the 1955-56 marketing year. Production is expected to rise to about 129 billion pounds in 1957-58. With continued high consumer disposable incomes, the continuation of Government programs for distributing dairy products and increasing fluid milk concumption, it is expected that per capita consumption of milk and its products in the marketing years 1956-57 and 1957-58 will be about the same as the previous marketing year. Exports of butter will decline sharply in the current marketing year because of the termination of foreign donations of butter under Sec. 416. Cheese exports are expected to increase moderately while exports of nonfat dry milk are expected to continue at about the level of 1955-56.

Assuming the continuance of current support levels and that the milk equivalent of CCC purchases will continue to represent approximately 4 percent of the annual production, as was the case during the 1955-56 marketing year, no significant increases in purchases of butter, cheese and dry milk are expected during the fiscal year 1958 over the anticipated volume for the fiscal year 1957. Heavy dispositions during each of the fiscal years 1957 and 1958 are expected to result generally in progressively smaller inventories at the end of each fiscal year.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop tung nuts at not more than 90% nor less than 65% of parity as required by law.

Eligibility: Producers of 1956-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet Federal specifications.

Operations: Purchase agreements are available on eligible tung nuts from November 1, 1956 through January 31, 1957. The support level shall be the higher of $53.76 per ton, basis 18.5% oil contents, (65% of September 15, 1956 parity) or 65% of parity as of November 1, 1956, the beginning of the marketing year. The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement. Notice of intention to deliver tung nuts must be made known by producers within a 30-day period ending March 31, 1957, and to deliver tung oil within a 30-day period ending October 31, 1957.

Nonrecourse loans and purchase agreements on eligible tung oil are available from November 1, 1956 through June 30, 1957, maturing October 31, 1957, or earlier on demand. The loan and purchase agreement rate for eligible tung oil, is determined on the basis of a formula involving the support level of tung nuts and the milling fee and oil outturn per ton of nuts. Based on September 15, 1956, parity the rate is 21¢ per lb. Loans are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-7140), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS OF ESTIMATE:

It is estimated that the 1956 tung nut crop will produce approximately 90,000 tons of tung nuts resulting in an estimated production of 24 million pounds of tung oil barring unforeseen weather conditions. This compares with 2 million pounds for the 1955 crop which was almost completely destroyed by a severe freeze. Estimated tung nut production from the 1957 crop was projected at 100,000 tons and oil at 33 million pounds which takes into account new tree stock coming of bearing age. Total supplies during the 1957 marketing year will be about 81 million pounds including imports estimated at 30 million pounds.

Domestic disappearance during the 1957 year is estimated at 52 million pounds which is about the same as is estimated for the 1956 period.

Because of the estimated increase in production and supply of tung oil during the 1957 marketing year, it is anticipated that loans will be made on 20 million pounds of tung oil during the fiscal year 1958, and that purchase agreements will total 1 million pounds. Price support to be extended on tung oil for the 1956 crop during the fiscal year 1957 is estimated to include 15 million pounds of tung oil under loan and .5 million under purchase agreements.

CCC has practically disposed of its inventories of tung oil accumulated from prior price support programs, and it is estimated that any acquired in fiscal years 1957 and 1958 will be sold during those years.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Wool and Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the prices of wool and mohair during the marketing year April 1, 1957 through March 31, 1958, by incentive payments, in accordance with the National Wool Act of 1954.

Eligibility: Domestic wool and mohair shorn on or after January 1, 1955, and marketed on or after April 1, 1957, but not later than March 31, 1958.

Domestic unshorn lambs marketed on or after April 1, 1957, but not later than March 31, 1958.

Operations: Price of domestic shorn wool is supported by incentive payments to producers, based on their net sales' proceeds from shorn wool marketed during the 1957 marketing year. Pulled wool is supported by payments on the live weight of sheep and lambs, according to pelt classifications, marketed during the 1957 marketing year. Incentive payment for domestic shorn wool is 62 cents per pound, grease basis, being 101 percent of the parity price as of August 15, 1956. The incentive price for pulled wool will be figured at a rate per hundredweight of live animal to compensate for the wool at a price relationship comparable to the incentive payments for shorn wool.

Price of domestic shorn mohair is supported at 70 cents per pound, which is approximately 87 percent of the parity price for mohair as of August 15, 1956. While mohair support levels shall be at a level comparable to the wool incentive price, the mohair price level may vary as much as 15% above or below the comparable percent-of-parity wool incentive level.

Payments are made to eligible producers, based on their net sales proceeds from shorn wool and mohair marketed during the 1957 marketing year, or on the liveweight of unshorn lambs sold during the marketing year irrespective of the purpose for which the lambs are sold. Such payments are reimbursable from 70% of the annual specific duties collected on wool and wool manufacturers. Payments to producers are on a percentage basis, reflecting the amount required to bring the national average price received by all producers up to the announced support level. Applications by producers for payment, determining producers' eligibility for payments, and computation of payments, will be made through Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714d), particularly section 714c thereof; and the National Wool Act of 1954 (Title VII of the Agricultural Act of 1954, Public Law 690, 83rd Congress, approved August 28, 1954).

BASIS OF ESTIMATE:

Wool: Domestic wool production during the 1956 marketing year is expected to be slightly lower than that in 1955 and to remain about the same in 1957 and 1958.

The average price received by growers for wool August 15, 1956, was 41.3 cents per pound, compared with 42.7 cents a year earlier, a decline of 1.4 cents per pound or slightly more than 3 percent. The trend has been slightly upward since January 1956 when the low monthly price for recent years of 37.8 cents per pound was reached. Boston market quotations for domestic wools on August 15, 1956, were generally at about the same level as a year earlier. However, since that time, substantial advances in prices have been made. During the first two weeks of the new selling season in Australia beginning August 27, 1956, prices were generally 10 percent higher than a year earlier. As a result, prices for domestic wools are now low in relation to the prices for wool in foreign markets. Since September 1956, prices have advanced to levels which prevailed about the third quarter of 1954.

The high rate of economic activity and the rising trend of prices for wool in foreign markets favor some further improvement in prices for domestic wool. United States mill consumption of apparel wool during 1956 through July was more than 8 percent higher than during the same period a year earlier. During the past year, stocks of wool in the CCC inventory have been reduced in an orderly manner from around 150 million pounds to around 95 million pounds with the price received by farmers for domestic wool showing some improvement since the beginning of the program November 1955. As these stocks of CCC continue to diminish, the United States mills will have to draw more heavily upon foreign sources of supply for an increasing proportion for their requirements and the price for domestic wool should rise to levels nearer in line with their usual relationship to prices for wool in foreign markets. In the case of a few grades, prices of domestic wools are back nearer to their usual relationship to prices of foreign wools. United States imports of apparel wool for consumption during January - September, 1956 were about the same as for the corresponding period of last year.

In contrast with a year ago, price trends since the opening of sales in Australia and in South Africa, where a large proportion of our imported wools originate, have been upward since the opening. Prices during the opening and subsequent weeks' sales in these British Dominion producing areas were stronger than had been anticipated by members of the trade in this country. The trends in wool prices in foreign markets together with the increased domestic consumption and imports provide conditions favorable for a continued steady reduction in the CCC wool inventory without depressing the price for domestic wool.

Inventory: Activity now consists of an orderly disposal, by competitive bids, of the wool acquired under the 1952-53-54 wool price support programs. In order to hold the depressing effect of the disposal program upon the growers' market to a minimum, sales by competitive bids are limited to a maximum of 6,225,000 pounds in any one month. Under this arrangement, the disposal of the wool in inventory should be completed during the fiscal year 1958.

Payment Program: On the assumption that the incentive price for shorn wool for the 1957 marketing year will be 62 cents per pound, the same as for the 1955 and 1956 marketing years, and that the price received by farmers for wool averages 42 cents per pound during that year, the payment for shorn wool would average 20 cents per pound. Under these assumptions, the total for shorn wool would be around $46,400,000 (232 million pounds at 20 cents per pound) plus $8,600,000 for 1.2 billion pounds liveweight of lambs (the equivalent of 53,750,000 pounds of pulled wool, greasy shorn basis, at 16 cents per pound), or a total of $55,000,000 for shorn wool and lambs. The price for pulled wool is figured at 80 percent of the value of shorn wool because of the shorter length of staple and the greater amount of the coarser wools compared with the total production of shorn wool. It is anticipated that actual payments under the 1957 marketing year program will be made during the fiscal year 1959. During the fiscal year 1958 it is estimated payments will be made under the 1956 marketing year program in the same amounts indicated for the 1957 marketing year compared with actual payments during fiscal year 1957 of $60,000,000 under 1955 marketing year program.

Mohair: Prices received by growers for mohair thus far during the 1956 marketing year have been above the support price of 70 cents per pound. While the average price received by growers for the entire marketing year is expected to be lower than the 1955 marketing year average, it is expected to remain above the current support level of 70 cents per pound during both the 1956 and 1957 marketing years. Consequently no payments were required for mohair sold during the 1955 marketing year and it is not expected that any will be required for mohair sold during the 1956 and 1957 marketing years.

Domestic production of mohair in 1955 was around 14 percent higher than in 1954. Indications are that United States mill consumption of mohair during 1956 through July has been a little lower than during the same period a year earlier. Exports of large quantities of domestic together with a substantial United States consumption during the 1955 marketing year sharply reduced United States stocks April 1, 1956 compared with a year earlier. Exports this year through July have been running ahead of a year earlier. Prices at the opening sale of the new season in South Africa on September 9, 1956, showed a very sharp decline from the level of prices at the close of the previous season. The effect of this decline upon United States exports of mohair cannot be determined at this time, but available information indicates that prices at the sale in South Africa were above the level of the price to domestic growers.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop barley as a feed grain at 76 percent of May 1, 1956, parity as required by law.

Eligibility: Eligible commodity is barley produced in continental United States in 1956 and grading No. 4 or better or No. 4 Garlicky or better. Eligible participants are producers of 1956-crop barley, who are in compliance with any regulation prescribed by the Secretary governing the eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1956 through January 31, 1957, and will mature on April 30, 1957 (except that any earlier maturity date may be established for any State by the President or Exec. V. President, CCC) or earlier on demand. The national average support price is $1.02 per bushel, 76 percent of May 1, 1956,parity price for all barley. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored barley.

Purchase agreements are offered to producers from about May 15, 1956, through January 31, 1957. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949,as amended. (7 U.S.C. 1447-1449, 1421-1431); and Title III, Section 308(d) of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE:

Assuming (1) that the Soil Bank Programs in effect for the basic commodities, particularly wheat, will cause an increase in harvested acres of 1957-crop barley from 12,867,000 which is currently estimated for the 1956 crop to 14.5 million acres; and (2) a yield per acre of 29 bushels (the same as is currently estimated for the 1956 crop) a production of 417.6 million bushels of barley is indicated for the 1957 crop - 47,346,000 bushels more than is currently anticipated for the 1956 crop.

Should price support extended on the 1957-crop of barley equal 24 percent of the production, as was the case for the 1955 crop, it is estimated that price support will be extended on 99.4 million bushels of barley during the fiscal year 1958 compared with 88.1 million bushels estimated for fiscal year 1957 and actual price support extended during the fiscal year 1956 on 96½ million bushels. Acquisitions of barley during the fiscal year 1958 are estimated at 76.2 million bushels compared with 65.8 million bushels anticipated during the fiscal year 1957 and actual acquisitions during the fiscal year 1956 of 83.6 million bushels. Dispositions, primarily export sales, during the fiscal year 1958, are estimated at 52 million bushels compared with 79.4 million bushels anticipated during the fiscal year 1957 and actual dispositions of 96.3 million bushels during the fiscal year 1956.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Beans, Dry, Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1956-crop dry edible beans at prices designed to help keep this year's acreage in approximate balance with needed production without resort to acreage allotments, and to promote orderly marketing.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea and medium white, Great Northern, small white, flat small white, pink, small red, Pinto, Red Kidney, large lima and baby lima, produced in the United States in 1956, grading number 2 or better and containing not in excess of 18 percent moisture. Eligible participants are producers or cooperative marketing associations of producers which meet requirements of eligibility established by the President or Executive Vice President, CCC.

Operations: Nonrecourse warehouse stored and farm stored loans are available in all States including New York from harvest (about August 15, 1956) through January 31, 1957, and will mature on February 28, 1957, in the case of beans stored in the States of Michigan, Pennsylvania, and New York; and on April 30, 1957, in all other States. The support prices reflect an average of $6.31 per 100 pounds or 70 percent of the February 15, 1956, parity for all dry edible beans.

Loans are made on a note-and-chattel mortgage basis in farm stored beans and on a note-and-loan agreement basis for warehouse stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Purchase agreements are offered from harvest through January 31, 1957. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending February 28, 1957, in Michigan, Pennsylvania and New York and on April 30, 1957, in all other States, or such earlier date as may be prescribed by the President or Executive Vice President, CCC. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o) particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

Assuming (1) a planted acreage of 1,600,000 acres of which 1,500,000 acres will be harvested; and (2) a yield of 1,166 pounds per acre (the same as currently anticipated for the 1956 crop), a production of 17,490,000 hundred-weight is indicated for the 1957 crop of beans--513,000 hundredweight more than is currently anticipated for the 1956 crop.

Should price support extended on the 1957 crop equal 24 percent of the production, as is currently anticipated for the 1956 crop, it is estimated that price support will be extended on 4.1 million hundredweight of beans during the fiscal year 1958 compared with 4.0 million hundredweight estimated for the fiscal year 1957 and actual price support extended during the fiscal year 1956 on 3.5 million hundredweight. Acquisitions of beans during fiscal years 1958 and 1957 are estimated at 2.9 million hundredweight compared with actual acquisitions during fiscal year 1956 of 1.9 million hundredweight. Sales during fiscal year 1958 are estimated at 1.5 million hundredweight most of which will be exported. The fiscal year 1957 sales are estimated at 2.0 million hundredweight as compared with actual sales for fiscal year 1956 of 2.2 million hundredweight.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop cottonseed to eligible producers at such level as to cause competition on equal terms on the market with soybeans.

Eligibility: Eligible commodity is cottonseed containing not more than 11 percent moisture produced in the United States in 1956 by an eligible producer. Moisture content is not applicable to purchases.

Eligible participants are:

(1) Producers of 1956-crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.

(2) Participating ginners (those filing notice with County Committee of intention to participate in program).

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1957, maturing March 1, 1957, or earlier on demand, at $48.00 per ton for basis grade (100), about 70 percent of January 15, 1956, parity. Loans may be obtained direct from CCC through Agricultural Stabilization and Conservation County Committees and through approved lending agencies. Loans will be on note-and-chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Purchases: CCC will issue an open offer to purchase cottonseed from producers and participating ginners through February 28, 1957. The purchase rate to ginners will be $48.00 per ton for basis grade (100) cottonseed, f.o.b. gin, and to producers $44.00 per ton. Ginners must agree to pay eligible producers not less than the support price.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431); and Title VI, Section 601, of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE

The production of cottonseed during the 1957 marketing year is estimated at 4,616,000 tons compared with 5,431,000 tons estimated for 1956 and an actual production of 6,038,000 tons during 1955. These estimates are in line with the national cotton acreage allotments set by existing legislation and the probable effect of

the Soil Bank program on 1956 and 1957 plantings. The production of flaxseed and soybeans, however, which is not subject to acreage control and from which competing oils are derived is expected to increase from the 1955 crop levels.

In order to maintain a balance between the consumption and production of oil-seeds, the Department announced that support levels on the 1956 crops would be as follows: soybeans, 75 percent of parity; flaxseed, 70 percent; cottonseed, 70 percent. The support level for cottonseed was fixed in consideration of the higher support for 1956-crop soybeans and flaxseed and maintains the same relationship in support levels as existed between soybeans and cottonseed for the 1954 and 1955 crops. It is believed that this relationship will cause these two commodities to compete on equal terms on the market. No cottonseed products purchase program has been announced for the 1956 crop of cottonseed. The estimated price support activity on the 1957 crops of these commodities has been predicated upon continuation of these announced policies.

Under the above conditions, the level of support is expected to give producers an assurance of reasonable price support while permitting cottonseed products to move readily into domestic and export channels. Consequently, the estimates assume that prices paid to farmers for cottonseed will generally remain at or above the price support level during the fiscal years 1957 and 1958 and that only a nominal amount of cottonseed will be placed under loan or purchased (loans, 2,000 tons; purchases, 20,000 tons). It is expected that all cottonseed will either be redeemed or sold within the same fiscal year. It is also expected that purchase operations will be carried out in localized areas only if it becomes necessary to do so to stabilize prices.

Disposal of prior year inventory: Sales of refined cottonseed oil and cottonseed meal during the fiscal year 1956 have exhausted inventories of these end products; the remainder of cotton linter stocks is expected to be sold during the fiscal year 1957.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop flaxseed at a level which will tend to bring supplies more in line with demand.

Eligibility: Eligible flaxseed is that produced in 1956 and grading No. 2 or better. Eligible participants are producers of 1956-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1956, through October 31, 1956, in Arizona and California and through January 31, 1957, in all other States. The national average support price for flaxseed grading No. 1 will be $3.09 per bushel, which is 70 percent of the parity price of all flaxseed as of January 15, 1956. Loans will mature on January 31, 1957, or earlier on demand in Arizona and California and on April 30, 1957, in all other States. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1957, in Arizona and California and ending April 30, 1957, in all other States, or on such earlier dates as may be prescribed by the Corporation. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases are authorized from harvest through July 31, 1956, in designated Texas counties where flaxseed produced contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

Flaxseed: Assuming (1) that the Soil Bank programs in effect for the basic commodities particularly wheat, will cause an increase in harvested acres of flaxseed from 5,685,000 acres which is

currently estimated for the 1956 crop to 5,950,000 acres anticipated for the 1957 crop; and (2) a yield per acre of 9.1 bushels (the same as is currently anticipated for the 1956 crop), a production of 54,145,000 bushels of flaxseed is indicated for the 1957 crop--2,197,000 more than is currently anticipated for the 1956 crop.

Should price support extended on the 1957 crop of flaxseed equal 31 percent of the production, as is currently anticipated for the 1956 crop, it is estimated that price support will be extended on 16.7 million bushels of flaxseed during the fiscal year 1958, compared with 16 million bushels estimated for fiscal year 1957 and actual price support extended during the fiscal year 1956 on 8.6 million bushels. Acquisitions of flaxseed during the fiscal year 1958 are estimated at 14.7 million bushels compared with 13.2 million bushels anticipated during the fiscal year 1957 and actual acquisitions during the fiscal year 1956 of just under 1 million bushels. Dispositions during the fiscal year 1958 are estimated at 13 million bushels compared with 3.2 million bushels anticipated during fiscal year 1957 and actual dispositions of 7.8 million bushels in fiscal year 1956.

Linseed Oil: CCC will not acquire any linseed oil in fiscal year 1957 since its stocks of 1955 crop of flaxseed have been liquidated. It is estimated that 160 million pounds of linseed oil will be acquired during fiscal year 1958 through toll crushings of CCC flaxseed estimated to be acquired from the 1956 crop, and that all of this oil will be exported.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through I, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, CCC's borrower, and who cooperate in the Department's 1956 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Association on the basis of standards established by State and Federal forestry services.

Operations: Loans are governed by an agreement between CCC and the producer association borrower representing about 95 percent of domestic gum production. Loans were available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1956 and mature July 1, 1957 or earlier on demand. The support rate per standard barrel of gum, processed basis (435 lbs. net) is $30.46, which reflects 90% of the crude gum parity price, unprocessed basis, as of January 15, 1956. Initial loan rates are 50 cents per bulk gallon of turpentine and $7.49 per cwt. of gum rosin, basis grade WG with a rate of 10 cents lower for Grades N, M, K and I, and 10¢ higher for Grades X and WW. Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and assigns such agreements to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act (15 U. S.C. 714) and the Agricultural Act of 1949 (7 U. S. C. 1447; 1421).

BASIS OF ESTIMATE:

Estimated disappearance of gum rosin and turpentine during the marketing years ending March 31, 1957 and 1958 is expected to exceed estimated production. In the case of rosin, domestic consumption is expected to continue at the high level reached during the 1956 marketing year with little change in exports. Domestic and export disappearance of turpentine should increase over 1956. Consequently, a strong market situation is anticipated with a steady reduction in overall stocks and a price level in excess of loan rates.

Because of anticipated favorable prices, producers are expected to use the loan programs solely as a medium for carrying their output from the flush to the slack season in the hope of realizing maximum returns. Therefore, it is expected that all pledges will be redeemed coincident with substantial reductions in CCC inventory.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop oats at 76 percent of May 1, 1956 parity as required by law.

Eligibility: Eligible commodity is 1956-crop oats produced in Continental U. S. grading No. 3 or better. Eligible participants are producers of 1956-crop oats, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1956 through January 31, 1957 and will mature on April 30, 1957 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is 65 cents per bushel, reflecting 76 percent of May 1, 1956 parity price for all oats. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats, secured by warehouse receipts.

Purchase agreements are offered to producers from harvest through January 31, 1957. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1447-1449, 1421-1431); and Title III, Section 308 (d) of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE:

Assuming (1) that the harvested acres of 1957-crop oats will be 35 million acres, about the same as is currently estimated for the 1956 crop; and (2) a yield of 38 bushels per acre (the same as was the case for the 1955 crop), a production of 1.3 billion bushels of oats is indicated for the 1957 crop - 186 million bushels more than is currently anticipated for the 1956 crop but 159 million bushels less than the actual production of the 1955 crop.

Should price support extended on the 1957 and 1956 crops equal 5% of the production as was the case for the 1955 crop, it is estimated that price support will be extended on 61.6 million bushels of oats during the fiscal year 1958 compared with 53.3 million bushels estimated for 1957 and actual support extended during 1956 on 68.0 million bushels. Acquisitions of oats during fiscal year 1958 are estimated at 32.2 million bushels compared with an estimated 26.2 million in 1957 and 49.0 million bushels of actual acquisitions in fiscal year 1956. Estimated sales for fiscal year 1958 of 15.5 million bushels are substantially below the estimated sales of 59.6 million bushels for 1957 due to the estimated availability of other feed grains at attactive prices. The actual sales in 1956 were 31.3 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop rye at 76 percent of May 1, 1956 parity as required by law.

Eligibility: Eligible commodity is rye produced in Continental U. S. in 1956 and grading No. 2 or better, or grading No. 3 on the factor of test weight only, containing not more than 1% ergot.

Eligible participants are producers of 1956-crop rye, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1956 through January 31, 1957 and will mature on April 30, 1957 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price will be $1.27 per bushel which is 76 percent of May 1, 1956 parity price for all rye. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored rye.

Purchase agreements are offered to producers from harvest through January 31, 1957. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714- 714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 USC 1447-1449, 1421-1431); and Title III, Section 308 (d) of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE:

Assuming (1) that the Soil Bank Programs in effect for the basic commodities, particularly wheat, will cause the harvested acres of 1957-crop rye to increase to 2,000,000 acres compared with 1,724,000 currently estimated for the 1956 crop; and (2) a yield of 14.2 bushels per acre (the same as the actual yield on the 1955 crop) a production of 28,400,000 bushels is indicated for the 1957 crop - 6,439,000 bushels more than is currently estimated for the 1956 crop, but 1.3 million bushels less than the actual production of the 1955 crop.

Should price support extended on the 1957 and 1956 crops equal 43% of the production, as was the case for the 1955 crop, it is estimated that price support will be extended on 12.2 million bushels of rye during the fiscal year 1958 compared with 9.9 million bushels estimated for 1957 and actual price support extended during the fiscal year 1956 on 12.8 million bushels. Acquisitions of rye during fiscal year 1958 are estimated at 10.2 million bushels compared with an estimated 9.0 million in 1957 and actual acquisitions during 1956 of 14.6 million bushels. Sales are estimated at 9.1 million bushels for fiscal year 1958 as against 13.9 million estimated for 1957 and 9.7 million bushels actual sales for fiscal year 1956.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop grain sorghums at 76 percent of May 1, 1956, parity as required by law.

Eligibility: Eligible commodity is grain sorghums produced in Continental United States in 1956, grading No. 4 or better, or No. 4 smutty or better, and containing not more than 13 percent moisture. Eligible participants are producers of 1956-crop grain sorghums, who are in compliance with any regulation prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from April 1, 1956, through January 31, 1957, and will mature March 31, 1957 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is $1.97 per hundredweight, which is 76 percent of May 1, 1956, parity price for all grain sorghums. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements secured by warehouse receipts.

Purchase agreements are offered to producers from April 1, 1956, through January 31, 1957. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1957. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1447-1449, 1421-1431); and Title III, Section 308 (d) of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE:

Assuming (1) that the Soil Bank programs in effect on the basic commodities, particularly wheat, will cause the harvested acreage of 1957-crop grain sorghums to increase to 12 million acres compared with 11,362,000 acres currently anticipated for the 1956 crop; (2) a yield of 19 bushels per acre (the same as the actual yield on the 1955 crop) a production of 225.6 million

bushels of sorghums is indicated for the 1957 crop--55.8 million bushels more than is currently anticipated for the 1956 crop, but 15.5 million bushels less than the actual production of the 1955 crop.

Should price support extended on the 1957 crop equal 44 percent of production, as was the case for the 1955 crop, it is estimated that price support will be extended on 99.5 million bushels of grain sorghums during the fiscal year 1958 compared with 74.9 million bushels anticipated during the fiscal year 1957 and actual price support extended during fiscal year 1956 on 107 million bushels. Acquisitions of grain sorghums during fiscal year 1958 are estimated at 87.5 million bushels compared with 37.9 million bushels anticipated during fiscal year 1957 and actual acquisitions during fiscal year 1956 of 93.1 million bushels. Sales during fiscal year 1958 are estimated to total 35 million bushels compared with 74.3 million bushels anticipated for fiscal year 1957 and actual sales during fiscal year 1956 of 81.5 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1956-crop soybeans at such level as to cause competition on equal terms on the market with cottonseed.

Eligibility: Eligible commodity is soybeans produced in Continental U. S. having moisture content not in excess of 14 percent, grading No. 4 or better on all other factors, and meeting in a manner determined by the President or Executive Vice President, CCC, sanitation requirements of the Food and Drug Administration in effect at time loan is made or delivery made to CCC under purchases agreement. Eligible participants are producers of 1956-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1956) through January 31, 1957, maturing May 31, 1957 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is $2.15 per bushel, 75 percent of January 15, 1956 parity. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts when place of storage is an approved public warehouse.

Purchase agreements are available to producers from harvest through January 31, 1957. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1957, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714b), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1447-1449, 1421-1431); and Title VI, Section 601, of the Agricultural Act of 1956 (Public La 540 84th Congress).

BASIS OF ESTIMATE:

Assuming (1) that the diversion of acreage in recent years from corn, wheat and cotton to soybeans because of production-adjustment programs in effect on basic commodities, will cause the harvested acreage of 1957-crop soybeans to increase to 22 million acres compared with 20,953,000 acres currently anticipated for the 1956 crop; (2) a yield per acre of 21.8 bushels, the same as is currently anticipated for the 1956 crop, a production of 479.6 million bushels is indicated for the

1957 crop of soybeans -- about 22.2 million bushels less than currently estimated for the 1956 crop but 108.5 million bushels more than the actual production of the 1955 crop.

Should price support extended on the 1957 crop equal 12% of production, as is currently anticipated for the 1956 crop, it is estimated that price support will be extended on 61.5 million bushels of soybeans during fiscal year 1958 compared with 55 million bushels estimated during fiscal year 1957 and actual price support extended during fiscal year 1956 on 30.1 million bushels. Acquisitions of soybeans during fiscal year 1958 are estimated at 26.5 million bushels compared with an estimate of 22 million bushels during fiscal year 1957 and actual acquisitions during fiscal year 1956 of 6.4 million bushels. Sales during fiscal year 1958 are estimated to total 32 million bushels compared with an estimate of 1 million bushels for fiscal year 1957, and actual sales during fiscal year 1956 of 14 million bushels.

PRICE SUPPORT PROGRAM, Barter and Exchange

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of CCC-owned agricultural commodities by means of barter or exchanges for (1) strategic and critical materials intended for incorporation into the national stockpile and for the supplemental stockpile; (2) non-strategic materials required for supply programs of other Government agencies; and (3) materials required for off-shore construction programs.

Eligibility: Materials designated as strategic and critical must have been so designated by the Office of Defense Mobilization or its predecessor, pursuant to Sec. 2 of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520, 79th Congress) and must have been produced abroad. Non-strategic materials acquired are those which other Government agencies require to meet supply and construction program commitments. Such agencies must have designated the kind, quality, schedule of delivery and other conditions involved in the procurement and these agencies, or their Government procurement agent, must have agreed to accept the materials. Strategic materials procured by the Commodity Credit Corporation will be those types of materials designated by ODM as required to meet short, long term, or supplemental stockpile objectives and be such that the domestic economy will not be adversely affected by the acquisition and such that CCC's assets will be protected and result in savings in carrying charges as compared with cost of carrying surplus agricultural commodities. (Public Law 480, Sec. 303)

Operations: It has been the policy of the CCC to limit consideration of barter offers to those materials required and/or designated by other Government agencies. Consequently, the acquisition of strategic and critical materials has been within ODM's stockpile objectives both as to types and quantities. Barter procurement of nonstrategic materials has been effected against specific requirements of such materials by other Government agencies primarily for off-shore use. Strategic materials are transferred to ODM with reimbursement to the CCC. In the case of nonstrategic materials, the CCC is reimbursed for the materials procured upon delivery to the agency concerned.

In a particular barter operation, the exchange value of the transaction is fixed in a contract between the offeror of the materials and the CCC. This exchange value determines quantities to be delivered of both the materials and the agricultural commodities which must be subsequently exported by the contractor. Since the price for the materials is also fixed in the contract, the quantity of materials to be delivered is determined at this point. The contract price for materials is the best offer received, not to exceed the current market price, accepted only after full consultation with materials experts of either G.S.A. or other agencies.

In the case of the agricultural commodities, however, the contractor may take whatever commodities are available from CCC inventories at export prices generally applicable for such commodities at any time within the life of the contract, total quantities determined by the exchange value fixed in the contract.

The barter program of the Commodity Credit Corporation operates through private U. S. firms using commercial trade channels, but barter can be effected with foreign Governments where it is not practicable to carry out the barter through private trade channels.

Authority: The Commodity Credit Corporation Charter Act, as amended Section 4 (h) insofar as strategic and critical materials are concerned; Section 5 (f) of this Act insofar as other than strategic materials materials are concerned; and Public Law 480, especially Sec. 303; Public Law 690, 83rd Congress; and Public Law 540, 84th Congress, Sec. 206.

BASIS OF ESTIMATE:

Under the CCC Charter Act, as amended, and Title III of Public Law 480, 83rd Congress, the Corporation is continuing to barter and exchange its holdings of agricultural commodities for foreign produced strategic and critical materials and other materials, goods and equipment for use by other Government agencies. Because of uncertainties inherent in the barter program such as stockpile needs, requirements of other Government agencies, and availability of funds by such agencies, it is virtually impossible to forecast future barter operations. For budgetary purposes, however, it is estimated that strategic materials value at $295 million will be acquired during the fiscal year 1957 and $314 million during 1958 compared with $167 for 1956. Dispositions of such materials are estimated at $290 million during fiscal year 1957 and $306 million during fiscal year 1958, compared with $56 million in 1956.

PRICE SUPPORT PROGRAM, 1956 Emergency Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To provide feeds at reduced prices to distressed farmers and ranchers in designated disaster areas.

Eligibility: Surplus feed grains (corn, grain sorghums, oats and barley), so designated because of extensive CCC holdings.

Recipients are farmers and ranchers of declared disaster areas, whose eligibility is established by the local Farmers Home Administration County Committee.

Eligible feed dealers are persons engaged in selling designated surplus feed grains or approved mixed feeds who have entered into agreements with CCC to observe program regulations.

Operations: Emergency feed is available to eligible farmers and ranchers during fiscal year 1957 at a reduced cost of $1.50 for each cwt. purchased up to amount approved by FHA county committee.

A farmer or rancher in a designated county who desires to participate in the program makes application to his local Farmers Home Administration county committee. This committee determines his eligibility and the amount of feed grain he can obtain under the special provisions of the program. Approval is granted on the basis of individual need within the objectives of the program, and is limited to the supplemental supplies needed for a fixed period of time.

The farmer or rancher then gets from his local county Agricultural Stabilization and Conservation Committee a "purchase order" indicating the approved quantity of grain he is eligible to buy under the provisions of the program. He buys from a local feed dealer, in effect using his purchase order to pay part of his bill - $1.50 on each hundredweight. He buys from stocks the dealer has on hand, and at the prevailing local market prices - except that his purchase order covers part of the cost. In cases where dealers are unwilling or unable to participate in this program in any area, surplus stocks of CCC feed grains are made available to eligible farmers or ranchers at a cost comparable to that which they would otherwise pay under this authorization. Facilities of county ASC offices are used in making such distribution.

The producer obtains the approved quantity of feed grain from his dealer in the form of whole grain (corn, grain sorghums, oats, or barley), or if he wishes he can get the same amounts of these grains as part of mixed feed. The approved mixed feeds are mixed feed A which must contain at least 75 percent by weight of designated surplus feed grain(s) or mixed Feed B which must contain at least 60 percent by weight of designated surplus feed grain(s). The mixed feed must be appropriately labelled by the manufacturer, and show the percentage of designated surplus feed grains contained therein.

The dealer must certify delivery of the feed grain to the farmer or rancher, and the latter must also certify his receipt of the amount specified. With these requirements met, the dealer then receives from the local county ASC Committee a "dealer's certificate" in terms of dollars. The value of this certificate is the number of hundredweights of the designated grain actually delivered to the producer (up to the maximum authorized by the purchase order) multiplied by the $1.50 per hundredweight.

The dealer can use the certificate (good for a period of 120 days from date of issuance) to buy designated CCC-owned surplus feed grains. He can buy either directly from CCC (through area Commodity Offices of the Commodity Stabilization Service or from "bin sites" where grain is stored locally in CCC's own facilities), or indirectly through his regular supplier. The prevailing market price at the time of purchase is used in determining the quantity of CCC grain to be delivered against the certificates.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), and Sec. 407 of the Agricultural Act of 1949 as amended by Section 301 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Congress).

BASIS OF ESTIMATE:

It is impossible to accurately forecast the extent to which Commodity Credit Corporation stocks will be required for emergency feed assistance, however, for budgetary purposes it is anticipated that during the fiscal years 1957 and 1958, corn, grain sorghums, oats and barley will be donated for this purpose. It is estimated that 32 million bushels valued at $47 million and 17 million bushels valued at $27 million will be furnished during fiscal years 1957 and 1958, respectively, compared with 12.7 million bushels valued at $20.7 million, during fiscal year 1956.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is usually made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incident to carrying out the program.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

The defense production activities include a program to encourage and develop sources of supply of castor beans within the Continental United States and to insure a supply of castor beans, oil, and planting seed for industrial uses and stockpiling in connection with national defense.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Act of July 16, 1943 (15 U.S.C. 713a-9); sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; and Public Law 429 approved June 30, 1952).

BASIS OF ESTIMATE:

The activities currently being carried on include procurement of commodities for the International Cooperation Administration and other Government agencies, and initial financing of certain programs authorized under the Defense Production Act to assure adequate

supplies of strategic and critical materials. Total acquisitions and carrying charges are estimated at $3,804,130 in the fiscal year 1958 compared with an estimated $3,973,341 for 1957 and actual acquisitions of $17,940,444 during 1956. The estimated decrease for 1957 below 1956 results primarily from decreased purchases of sugar. Total dispositions are estimated at $3,800,630 for the fiscal year 1958 compared with $15,210,229 anticipated for 1957, a decrease of $11,409,599, due primarily to the fact that the remaining stocks of American-Egyptian cotton and castor oil under the defense production operations will be sold during the fiscal year 1957. The decrease in 1957 below 1956 actual sales of $24,103,452 resulted chiefly from decreased sales of sugar. Under the defense production operations, the inventory of castor beans is being held for stockpile purposes beyond the fiscal year 1958.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Depreciation and other costs of maintaining the structures and handling and conditioning grain stored therein are reflected as carrying charges on the commodities stored.

Storage use guarantees were negotiated under agreements with commercial firms, including cooperatives, operating under the Uniform Grain Storage Agreement, who agreed to construct additional storage capacity for grains and oilseeds. Optional plans provided for guarantees of (1) 75% occupancy for a period of 3 years, to be reduced to 40% for the next 2 years; (2) 60% occupancy for 5 years; and (3) 50% occupancy for 6 years. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. CCC has the option to require warehousemen to reserve space for storage up to the maximum amount of the occupancy guarantee level. The annual rate per bushel for unused space under the guarantee is 75% of the applicable annual area rate under the Uniform Grain Storage Agreement for wheat for the year the occupancy did not reach guarantee level. Applications for new storage agreements were accepted until April 30, 1955 for storage capacity which was to be ready for occupancy by June 1, 1955.

Recourse loans are made to producers, either through approved lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of four years, payable in equal annual principal payments, with interest at the rate of 4% on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity ($30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80% of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past-due payable or pre-payable installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of mobile drying equipment. Loans are for a maximum period of three

years, payable in equal annual principal payments beginning on the first anniversary date of disbursement of the loan, with interest at the rate of 4% per annum on the unpaid balance. The maximum amount to be loaned on mobile drying equipment is 75% of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past-due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS OF ESTIMATE:

CCC storage capacity was increased by 109 million bushels in the fiscal year 1956 in order to provide storage for commodities delivered to the Corporation. Based on the current storage outlook and taking into consideration increased commercial and farm storage becoming available, it is estimated that a further increase of 100 million bushels in CCC storage capacity may be necessary during fiscal year 1957. While it is difficult to foresee what storage availability and requirements for the fiscal year 1958 will be, it has been estimated for budgetary purposes that an additional 100 million bushels of CCC storage capacity may be necessary by that time. In order to provide adequate farm storage facilities in the fiscal years 1957 and 1958 it is estimated that the Corporation will be required to make loans on facilities having a capacity of 40 million bushels amounting to $10 million for each year as compared with loans on a 26.3 million bushel capacity made during fiscal year 1956 amounting to $7.3 million. Loans on mechanical driers are estimated at $500,000 and $400,000 during fiscal years 1957 and 1958, respectively, compared with actual loans of $288,577 during fiscal year 1956. It is estimated that occupancy agreements as of June 30, 1958 will be outstanding on 160 million bushel capacity compared with 170 million bushel capacity as of June 30, 1957 compared with agreements outstanding June 30, 1956 on 181 million bushel capacity. Claims to be paid under such agreements are estimated at $100,000 during fiscal year 1958 and $200,000 during the fiscal year 1957, compared with actual payments of $142,520 during the fiscal year 1956.

COMMODITY EXPORT PROGRAM

The following summaries cover the major commodity export programs which the Corporation anticipates will be conducted during each of the fiscal years 1957 and 1958 and the bases for such estimates.

Agricultural Products

SUMMARY OF LATEST OPERATIONS:

Objective: To authorize CCC to participate in projects designed to aid in the development of foreign markets for U. S. agricultural commodities and products thereof.

Operations: The Corporation will provide agricultural commodities from CCC stocks or will procure agricultural commodities or products thereof to be used for display purposes at fairs and exhibits in foreign countries which are sponsored, approved, or conducted by the Foreign Agricultural Service or the Commodity Stabilization Service. The cost of each project may not exceed $25,000. Upon completion of exhibits, commodities may be disposed of through sales for U. S. dollars, distribution of free samples, donations to charitable institutions in foreign countries, or if practicable, transfer back to the United States.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is difficult to accurately forecast the extent to which Commodity Credit Corporation stocks will be used or the quantity and type of other agricultural products which may be purchased for use at foreign trade fairs and exhibits. However, for budgetary purposes, it is estimated that purchases of agricultural products for such exhibits during the fiscal years 1957 and 1958 will amount to $60,000 and $100,000, respectively.

COMMODITY EXPORT PROGRAM, Cotton Products Export

SUMMARY OF LATEST OPERATIONS:

Objective: To institute a program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices.

Eligibility: Cotton products manufactured from American upland cotton exported on and after August 1, 1956, in fulfillment of export sales contracts entered into on or after May 21, 1956.

Operations: Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States. The base equalization payment rate in connection with sales for export made during the period from May 21, 1956, through September 30, 1956 was 6.58 cents per pound. For each calendar month thereafter, the base equalization payment rate will be determined and announced by CCC prior to the beginning of such month. It will be based on the difference, as determined by CCC, between the average price for middling 1 unit cotton in the 14 designated spot markets, converted to average location basis, and the average price at which CCC sells its cotton, basis middling 1 inch at average location, under the cotton export program for that part of the month preceding the announcement of such rate. Percentages of the base equalization payment rate, reflecting approximate processing loss in converting raw cotton into products, will be will be applicable for each specified class of cotton products.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is estimated that the cotton products exported during each of the 1957 and 1958 fiscal years will be the equivalent of 600,000 bales of raw cotton and that the payments will average approximately $33.33 per bale, a total of $20 million annually. There are 12 classes of cotton products and the payment rate for each class is a different percent of the base equalization payment rate; therefore, the payments can be better estimated on the basis of the raw cotton content of the total cotton products which may be exported.

COMMODITY EXPORT PROGRAM, Wheat Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage the movement of wheat into export from free market stocks.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of wheat based on the difference between the domestic sales price and world export price by issuing wheat payment certificates redeemable only in CCC-owned wheat. Exporters will not be eligible for International Wheat Agreement payments. Wheat exported, however, will be eligible for application to any country's guaranteed purchases under the International Wheat Agreement, and for transactions under Title I, Public Law 480. Availability of CCC-owned wheat to the grain trade for export is limited to barters and exchanges, and sales of wheat of light test-weight, off-grade, or the like category.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 407 of the Agricultural Act of 1949, as amended by Public Law 395, 84th Congress.

BASIS OF ESTIMATE:

In order to increase the exports of U. S. wheat and flour by U. S. exporters and to maintain the U. S. position in the world wheat market at competitive world prices, Commodity Credit Corporation has offered to sell a limited quantity of CCC-owned wheat for export to fill CCC barter program commitments outside of the International Wheat Agreement. CCC wheat is also available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free market wheat outside the International Wheat Agreement.

A total of 91,010,223 bushels of wheat was exported under this program during the fiscal year 1956 at a net cost of $69.6 million and it is estimated that 84 million bushels of wheat will be so exported during the fiscal year 1957 at a net cost of $58.8 million and 71 million bushels during the fiscal year 1957 at a net cost of $49.7 million.

COMMODITY EXPORT PROGRAM, Wheat and Wheat Flour Exports Pursuant to The International Wheat Agreement

SUMMARY OF LATEST OPERATIONS:

Objective: to encourage exportation of wheat and wheat flour to participating importing countries and at the same time exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: Two types of activities have been conducted under this operation:

(1) During fiscal year 1956, and until September 4, 1956, wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determined to be eligible for recording against the guaranteed quantities of the United States Government and the importing countries under the International Wheat Agreement was sold at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. In addition, purchasers were charged for carrying charges and marketing costs as permitted under the International Wheat Agreement. Effective September 4, the Corporation discontinued export sales of CCC wheat, except for Barter contracts and other special cases.

(2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota.

The payments are made on the basis of published announcements of the rate for the date or period of sale. Rates are determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of $2.00 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur. Payments to exporters who export wheat on or after September 4, 1956 are in the form of CCC-owned wheat. Cash payments will be made for flour. Since the exact cost of operations under the Agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949, as amended, authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program.

Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the Agreement as an receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949, as amended, (7 U.S.C. 1641).

BASIS OF ESTIMATE:

The maximum and minimum prices in the 1956 Agreement which became effective August 1, 1956, are $2.00 and $1.50, respectively. The estimated payment per bushel under the International Wheat Agreement operations of 70 cents in fiscal years 1957 and 1958 represents the difference between the estimated domestic price and the weighted average export selling price under the Agreement. Effective September 4, 1956, the payment of the differential between the prevailing sales price of wheat under the Agreement and the market price will be paid to the exporter in Commodity Credit Corporation stocks of wheat rather than in cash. A cash payment for this differential will continue to be made for flour.

During the fiscal year 1956 a total of 123,350,130 bushels of wheat and wheat flour were exported under the Agreement. An appropriation is included in the 1958 Budget Estimates in the amount of $92,930,611 to reimburse the Corporation for its net unrecovered costs during fiscal year 1956 and interest through June 30, 1957. The budget estimate assumes that 115 million bushels of wheat or wheat flour will be exported under the Agreement in fiscal year 1957. The net cost to the Government of such exports, including administrative costs and interest to the date of recovery by the Commodity Credit Corporation is estimated at $100,230,000. It is estimated that 128,000,000 bushels at a cost to CCC of $111,674,000 will be exported in fiscal year 1958. Such costs will be reimbursed to CCC by subsequent appropriations.

COMMODITY EXPORT PROGRAM, Sales for Foreign Currencies

SUMMARY OF LATEST OPERATIONS:

Objective:

(a) To make available for sale to domestic exporters for foreign currencies surplus agricultural commodities acquired or to be acquired by the Commodity Credit Corporation in the administration of its price support operations, and

(b) Make available funds to finance the sale and exportation of surplus commodities whether from private stocks or from stocks of the CCC.

Such foreign currencies will be used to expand international trade, to encourage economic development, to purchase strategic materials, to pay U. S. obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the U. S. Appropriations not to exceed $3,000,000,000 are authorized to reimburse the CCC for its unrecovered costs.

Eligibility: Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the U. S., either privately or publicly owned which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Operations:

(1) After a formal agreement has been entered into with a foreign government, the Foreign Agricultural Service will issue to that country, upon its application, purchase authorizations specifying the kinds, approximate quantities, and maximum dollar values of the commodities and the conditions under which purchases may be made. At the same time, FAS issues a public announcement containing details of the authorizations and other information that United States suppliers will need in making sales to the foreign importers. The announcement indicates whether U. S. suppliers will be required to purchase CCC stocks in order to participate.

(2) U. S. suppliers and foreign importers will then negotiate sales and enter into contracts in which the sales price will be expressed in U. S. dollars.

(3) Normal commercial procedures, based largely on letters of credit, are followed in carrying out the contracts: (a) Importers pay for commodities in local currency through their local banks; (b) Suppliers are paid in dollars by U. S. banks with which the foreign banks have established dollar letter of credit arrangements; (c) The U. S. banks are reimbursed by CCC and (d) the foreign currency is deposited to the account of the U. S. Government in accordance with arrangements made between the governments of the United States and the importing country.

CCC will issue contract announcements containing the terms and conditions governing purchase by U. S. suppliers of commodities from CCC stocks. The announcement also specifies the financial arrangements which must be made in order to purchase the commodities from CCC stocks.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o); Agricultural Trade Development and Assistance Act of 1954, Title I (Public Law 480, 83rd Congress, as amended by Public Law 387, 84th Congress and Public Law 962, 84th Congress; and Title II, Section 208, of the Agricultural Act of 1956, Public Law 540, 84th Congress.

BASIS OF ESTIMATE:

During the fiscal year 1956, surplus agricultural commodities were delivered for foreign currencies under this authority at a cost to the Commodity Credit Corporation of $624,266,712 including interest. In addition, reimbursement of $64,626,225 of the 1955 fiscal year cost had not been made to CCC. It is estimated that commodities delivered during fiscal years 1957 and 1958 will cost $932,954,638 and $944,310,195 respectively, including interest.

The Corporation received reimbursement of $9,533,492 from sales of foreign currencies in fiscal year 1956 and it is estimated that the CCC will be reimbursed from this source in the amount of $31,259,985 in the fiscal year 1957 and $30,000,000 in fiscal year 1958. The 1958 estimatescontain a request for an appropriation of $637,000,000 to reimburse the Corporation for the major part of its unrecovered cost through June 30, 1956.

SPECIAL ACTIVITIES, Loan to Secretary of Agriculture

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for the purchase of conservation materials and services from January 1 to June 30 of each year in advance of the appropriations therefor.

Operations: The Corporation is required to lend to the Secretary of Agriculture, such sums, not to exceed $50,000,000 as are required during each fiscal year, to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends. Repayment of the loan plus interest at a rate equal to the cost of money to the Corporation is made as soon as practicable in the succeeding fiscal year from appropriated funds.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act, (15 U.S.C. 714c) and section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391).

BASIS OF ESTIMATE:

In 1956, a total of $43,450,000 was loaned under this authority; it is estimated that the same amount will be loaned in 1957 and 1958.

SSPECIAL ACTIVITIES, Transfers for Eradication of Foot-and-Mouth and Other Contagious Diseases of Animals

SUMMARY OF LATEST OPERATIONS

Objective: To provide funds for eradication activities under the appropriation, "Foot-and-Mouth and Other Contagious Diseases of Animals and Poultry" as emergency needs arise.

Operations: Upon determination that an emergency threatens the livestock industry of the country, the Secretary of Agriculture is authorized to transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department, such sums deemed necessary to alleviate the emergency. Under this authority, transfers of CCC funds not to exceed $1,550,000 for the vesicular exanthema eradication program were authorized on June 21, 1956. Transfers have been made in prior years for the eradication of foot-and-mouth disease in Mexico, and the Corporation has recovered the amounts transferred plus interest through fiscal year 1954.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c), and the Department of Agriculture and Farm Credit Administration Appropriation Act, 1957 (P. L. 554-84th Congress).

BASIS OF ESTIMATE:

The estimates of the Agricultural Research Service provide for an appropriation of $1,853,450 to repay to the Corporation the amount of advances including interest through June 30, 1957 under this authority in 1956 for the eradication of vesicular exanthema of swine. It is estimated that transfers under this authority in 1957 will amount to $1,496,381 and $1,270,000 in 1958 with repayment plus interest to be effected through subsequent appropriations.

SPECIAL ACTIVITIES, Transfers for Eradication of Brucellosis in Cattle

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for use in stabilizing the dairy industry and further suppressing and eradicating brucellosis in cattle.

Operations: The Secretary of Agriculture is authorized to transfer to the Agricultural Research Service from Corporation funds not to exceed $20,000,000 in fiscal years 1957 and 1958. The funds are used to accelerate the brucellosis eradication program. Annual appropriations will reimburse the Corporation for expenditures under this item.

Authority: Commodity Credit Corporation Charter Act, (15 U.S.C. 714 - 714o), Section 204 (e) of the Agricultural Act of 1954, (P. L. 690, 83rd Congress and P. L. 465, 84th Congress), and the Department of Agriculture and Farm Credit Administration Appropriation Act, 1957 (P. L. 554, 84th Congress).

BASIS OF ESTIMATE:

Under this authority, transfers of funds of $16,500,000 were made in 1956 and it is estimated that $20,000,000 each year will be transferred in 1957 and 1958. Repayment of the amount advanced in 1956 amounting to $16,728,210, including interest through June 30, 1957, is requested in the 1958 estimates of the Agricultural Research Service. Appropriation requests to reimburse CCC for amounts advanced in 1957 and 1958 plus interest will be included in subsequent budget estimates of the Agricultural Research Service.

SPECIAL ACTIVITIES, Transfers for Cotton Classing and Tobacco Grading

SUMMARY OF LATEST OPERATIONS:

Objective: To provide additional funds for classing cotton and grading tobacco without charge to producers.

Operations: Each year the Agricultural Marketing Service receives an advance of nonadministrative funds of the Corporation to supplement appropriated funds available for grading tobacco and classing cotton without charge to producers. The portion of this amount which is attributed to cost of classing or grading commodities placed under price support is borne by the Corporation. The Corporation is reimbursed (with interest) by subsequent appropriations for the cost of such service for commodities not placed under price support.

Authority: Department of Agriculture Appropriation Acts, 1950 and 1952 (7 U.S.C. 440, 414a).

BASIS OF ESTIMATE:

During fiscal year 1956 advances were made under this authority in the amount of $1,668,500. The estimates of the Agricultural Marketing Service include provision for the Corporation to be reimbursed in the amount of $80,449 for the cost of grading and classing of those commodities not going under loan.

It is estimated that advances for this purpose to be made by the Corporation in 1957 and 1958 will amount to $2,269,000 and $2,118,600 respectively. Repayment of that portion of the advances applicable to the cost of grading and classing of commodities not placed under price support, will be effected through subsequent appropriations.

SPECIAL ACTIVITIES, Emergency Famine Relief to Friendly Peoples

SUMMARY OF LATEST OPERATIONS:

Objective: To make available surplus agricultural commodities to the International Cooperation Administration, to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, as authorized by law.

Eligibility: Surplus agricultural commodities from stocks of the Commodity Credit Corporation. Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, which is, or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Such surplus commodities may be transferred (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements of such nation, (2) to friendly but needy populations without regard to the friendliness of their government, and (3) to assist programs undertaken with friendly governments or through voluntary relief agencies.

Operations: Commodity Credit Corporation will make available from its price support inventory such quantities of surplus commodities as the Director of International Cooperation Administration may request through such period as may be necessary to complete programs of assistance undertaken by ICA prior to July 1, 1957.

Commodity Credit Corporation will incur costs of processing, packaging, handling, and transporting such commodities f.o.b. vessel in United States ports as requested by the Director, I.C.A. or to designated ports of entry abroad upon determination of the President, CCC. The Corporation will be reimbursed from subsequent appropriations for its investment in the commodities including processing, packaging, transportation, and handling costs. Funds required for ocean freight costs for commodities delivered under this program may be transferred by the Corporation to such other Federal agency as may be designated by the President. Amounts paid for ocean freight charges on donations under Section 416, Agricultural Act of 1949, are also recoverable under this program. Appropriations for this purpose are limited to $500,000,000.

Authority: Commodity Credit Corporation Charter Act as amended (15 U.S.C. 714-714o); the Agricultural Trade Development and Assistance Act of 1954, (Public Law 480, 83rd Congress, approved July 10, 1954); and Title II, Section 208 of the Agricultural Act of 1956 (Public Law 540, 84th Congress).

BASIS OF ESTIMATE:

During the fiscal year 1956, agricultural commodities were furnished under this authority at a cost of $94,483,518, including interest through June 30, 1957.

During the fiscal years 1957 and 1958, it is estimated that agricultural commodities costing $128,730,000 and $41,950,000, respectively, including interest through date of recovery, will be furnished by the Commodity Credit Corporation to meet famine and other emergency relief requirements of friendly peoples. Such costs will be reimbursed to CCC by subsequent appropriations.

SPECIAL ACTIVITIES, Waterfowl Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To make available wheat, corn, or other grains to the Secretary of the Interior for use in feeding migratory waterfowl, thus preventing crop damage.

Eligibility: Surplus grains acquired through price-support operations.

Operations: The Secretary of the Interior is authorized to requisition from the Commodity Credit Corporation grain in such quantities and subject to such regulations as the Secretary of the Interior determines will most effectively lure migratory waterfowl away from crop depredations and at the same time not expose such waterfowl to shooting over areas to which the waterfowl have been lured. No transfers of grain shall be made by the Corporation after July 3, 1959. The Corporation shall be reimbursed by appropriation for its investment in the grain transferred and by the Secretary of the Interior for packaging and transporting costs.

Authority: Public Law 654, 84th Congress.

BASIS OF ESTIMATE:

It is estimated that the Commodity Credit Corporation will transfer to the Interior Department 300 tons of grain to be used for migratory waterfowl feed during each of the fiscal years 1957 and 1958, at a cost of $26,070 and $28,540 respectively, including interest. Reimbursement will be made to the Corporation by subsequent appropriations.

SPECIAL ACTIVITIES, Soil Bank Program

SUMMARY OF LATEST OPERATIONS:

Objective: To assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation.

Operations: The Soil Bank Act provides for two programs.

1. Acreage Reserve. This program is effective for 4 crop years from 1956 through 1959. Producers are compensated for reducing their acreages of basic commodities through negotiable certificates redeemable either in cash or in CCC-owned grain. The total compensation paid producers for participating in this activity with respect to any year's crop may not exceed $750,000,000.

2. Conservation Reserve. This program is effective for 5 calendar years from 1956 through 1960. Producers are compensated for removing cropland from production and establishing long-range conservation practices through cost-sharing assistance and annual payments. Payments to producers may not exceed $450,000,000 in any calendar year.

Authority: Titles I and II of the Agricultural Act of 1956, Public Law 540, 84th Congress.

BASIS OF ESTIMATE:

During the fiscal years 1956 and 1957, expenditures under this program are being financed by transfers of capital funds of the Commodity Credit Corporation to a separate Soil Bank account which reflects such expenditures. Interest expense is the only net cost included in the expenditures of CCC. All transfers and expenditures, including a nominal amount during 1956, will be reimbursed to the Corporation by a subsequent appropriation. For the fiscal year 1958, an appropriation of $1,254,000,000 is being requested for the Soil Bank Program, from which transfers will be made in advance to CCC, as needed, to finance program operations. The law provides that after June 30, 1957, CCC shall not make any expenditures for this program unless it has received funds therefor from an appropriation made to carry out the Soil Bank Act. In addition, the Corporation will accrue in 1958, and request subsequent reimbursement for, interest on unrecovered costs of the 1956 and 1957 advances.

A detailed explanation of the program is included in the Explanatory Notes under "Soil Bank Program".

Operating Results and Retained Earnings

The Corporation's records show that operations as described in the foregoing resulted in a net budget expenditure of $3,582 million in 1956. It is estimated that such operations will result in net budget expenditures of $1,971 million in 1957 and $1,358 million in 1958. The net loss for 1956, including both realized losses of $1,240 million and net increases in valuation allowances of $96 million, amounted to $1,336 million. It is estimated that net losses of $1,006 million and $1,169 million will be incurred in 1957 and 1958, respectively.

Pursuant to the act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than $100,000,000 the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than $100,000,000 the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal is on the basis of realized losses and the amount of capital impairment determined thereby is the amount of realized loss incurred in the period since that covered by the last restoration.

There was a deficit of $4,698,997,635 on the books of the Corporation as of June 30, 1956. This deficit is composed of $2,529,921,786 in valuation reserves established against the assets of the Corporation as of June 30, 1956 and unrestored realized losses for fiscal years 1955 and 1956 of $929,287,178 and $1,239,788,671, respectively.

The realized loss for fiscal year 1955 of $929,287,178 was restored by the Department of Agriculture Appropriation Act, 1957 after June 30, 1956. The 1958 Budget proposes an appropriation to effect the restoration of the 1956 loss of $1,239,788,671.

Financial Condition

The Corporation's assets, which consist principally of price support loans receivable and inventories, were valued at $7,507 million as of June 30, 1956, and are estimated at $9,688 million as of June 30, 1957, and $9,853 million as of June 30, 1958. The estimated increase in assets as of June 30, 1958, over June 30, 1957, principally represents an increase of $315 million in accounts receivable recoverable from subsequent appropriations including soil bank program costs, an increase in the estimated value of loans receivable of $54 million and other increases amounting to $18 million, offset by decreases of $137 million in the estimated value of inventories, $82 million in other accounts receivable

and other decreases of $3 million. The increase in the accounts and notes receivable recoverable from subsequent appropriations mainly reflects the net cost of financing of sales for foreign currencies and assistance to friendly peoples under the Agricultural Trade Development and Assistance Act of 1954.

The changes in the Corporation's assets are also reflected in its principal liabilities and investment of the United States Government. Outstanding borrowings from the Treasury are estimated to amount to $13,453 million as of June 30, 1957, and $13,573 million as of June 30, 1958. Other liabilities of the Corporation, principally, price support loans held by banks, amounted to $916 million as of June 30, 1956; it is estimated that these liabilities will amount to $911 million as of June 30, 1957; and $875 million as of June 30, 1958.

ADMINISTRATIVE EXPENSES

Administrative expenses are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in Commodity Credit Corporation activities, certain services performed by other agencies of the Department, costs of audit, and payments to the General Services Administration for space in the District of Columbia.

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition (including inspection, classing and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors) of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses since 1951. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. Such expenses would include the fleet storage operations of the Maritime Administration conducted intermittently since 1949 and the services rendered by the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

The requested authorization excludes expenses in connection with the supply and foreign purchase program, the International Wheat Agreement, the wool and mohair price-support program under the National Wool Act of 1954 and the soil bank program. The budget for 1958 contemplates reimbursement for operating expenses through June 30, 1956, except the Soil Bank for which reimbursement will be requested in subsequent years.

Such reimbursements in connection with the supply and foreign purchase program will be obtained and used in 1958 in the same manner as in 1956 and 1957. These are generally obtained through a mark-up on invoices evidencing sales, which are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Reimbursements for administrative expenses, as well as program expenses under the International Wheat Agreement, wool and mohair program and soil bank program will be obtained from appropriations made specifically for these programs.

RESTORATION OF CAPITAL IMPAIRMENT, COMMODITY CREDIT CORPORATION

Appropriation Act, 1957 and base for 1958	$929,287,178
Budget Estimate, 1958	1,239,788,671
Increase (for restoration of capital impairment of CCC for 1956 activities)	+ 310,501,493

PROJECT STATEMENT

Project	1957 (1955 Impairment)	Increase	Budget Estimate 1958 (1956 Impairment)
Restoration of Capital Impairment	$929,287,178	+$310,501,493	$1,239,788,671

INCREASE

Public Law 312, 83d Congress, approved March 20, 1954 provided that the appraisal of assets to determine the capital impairment shall be on the basis of cost to the Corporation. The capital impairment of the Corporation is, therefore, determined on the basis of losses actually realized. The U. S. Treasury is required by law to appraise the assets and the liabilities of the Corporation on this basis as of June 30 of each year.

The increase of $310,501,493 required for restoration of the capital impairment as of June 30, 1956, is the difference between actual realized losses sustained during the fiscal years 1955 and 1956. A total of $176 million of the increased losses relate to price support losses. The principal increases by commodities were $36 million for corn, $67 million for cotton, $29 million for rice and $36 million for barley. In each of these commodities increased quantities were sold for export during the fiscal year 1956 at competitive prices. Additional quantities of wheat sold under the commodity export program accounts for $20 million of the increased losses during the fiscal year 1956 and all other losses increased by $115 million during the year of which $110 million represents a net increase in interest expense due to increased borrowings from the Treasury as well as increased rates of interest on borrowings from the Treasury.

The total price support losses of $975 million incurred during the fiscal year 1956 includes $400 million incident to donations of commodities, $53 million for the program to increase the consumption of fluid milk for children and the Armed Services, $521 million due to losses on sales and miscellaneous program expenses of $1 million. The following statement shows a comparison of such losses by programs and commodities.

Comparison of Realized Losses and Gains
Applicable to Restoration of Capital Impairment

(million dollars)

Program and commodity	1957 (1955 Impairment)	1958 (1956 Impairment)	Increase or Decrease (-)
Price support program:			
Basic commodities:			
Corn	$76	$112	$36
Cotton	1*	66	67
Peanuts	2	9	7
Rice	10*	19	29
Tobacco	a/	a/	a/
Wheat	127	100	-27
	194	306	112
Mandatory nonbasic commodities:			
Butter (including oil)	219	215	-4
Cheese	76	84	8
Milk, nonfat dry	118	95	-23
School milk program	22	45	23
Armed services & Vet. milk	4	7	3
Wool	1	7	6
Other	2	4	2
Total mandatory nonbasic	442	457	15
Other nonbasic commodities:			
Barley	14	50	36
Beans, dry edible	4	9	5
Cottonseed products	59	44	-15
Flaxseed	15	2	-13
Linseed oil	7	6	- 1
Oats	14	16	2
Rye	3	8	5
Seeds	4	10	6
Sorghums, grain	42	63	21
Other	1	4	3
Total other nonbasic	163	212	49
Total price support program	799	975	176
Commodity export program	50	70	20
Other programs	1*	1*	-
Interest, administrative, and other (net)	81	196	115
Total realized losses	929	1,240	311

a/ Less than ½ million
* Denotes gains

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Appropriation Act, 1957	$31,000,000
Proposed supplemental authorization for increased volume of price support activities	+2,500,000
Base for 1958	33,500,000
Budget Estimate, 1958	38,400,000
Increase	+4,900,000

SUMMARY OF INCREASES, 1958

Increase in price support operations	+644,500
Increase in the commodity export program	+89,958
Increase to provide a contingency reserve to enable the Corporation to meet unforeseeable increase in workload	+2,780,000
Increase for contribution to retirement fund pursuant to Public Law 854	+1,385,542

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease: Retirement Costs (P.L. 854)	Increase or Decrease: Other	1958 (estimated)
1. Price Support Program	$26,982,205	$31,124,000	+$1,330,500	+$644,500(1)	$33,099,000
2. Storage facilities Program	1,402,178	1,364,000	+58,000	- -	1,422,000
3. Commodity Export Program	99,050	512,000	+22,042	+89,958(2)	624,000
4. Subsidy Program (liquidation)	451	- -	- -	- -	- -
Contingency reserve	- -	- -	- -	+2,780,000(3)	2,780,000
Total retirement costs (P.L.854)	- -	- -	/+1,410,542/	/+16,650/	/1,427,192/
Subtotal	28,483,884	33,000,000	+1,410,542	+3,514,458	37,925,000
Unobligated balance	2,266,116	a/ 500,000	-25,000	- -	a/ 475,000
Total available or estimate	30,750,000	33,500,000	+1,385,542(4)	+3,514,458	38,400,000
Proposed supplemental due to increased workload	- -	-2,500,000			
Total appropriation or estimate	30,750,000	31,000,000			

a/ Represents portion of special limitation of $1,000,000 for sales expansion which it is estimated will be unobligated at the end of the fiscal year.

INCREASES

The increase of $4,900,000 in this item for the fiscal year 1958 consists of the following:

(1) A net increase of $644,500 for the price support program consisting of:

(a) A decrease of $383,885 due to a net decrease in the overall volume of price support operations.

With acreage allotments and marketing quotas in effect for the 1957 crops of wheat, cotton, peanuts, rice, and certain types of tobacco and acreage allotments in effect for the 1957 crop of corn and substantial reductions in acreages devoted to these crops as a result of the Soil Bank Program, it is anticipated that significantly less wheat, cotton and corn will be placed under support during the fiscal year 1958. An additional reason why less wheat is estimated to be placed under support during the fiscal year 1958 is a recent change in the Wheat Export Program of the Corporation, providing for the sale of wheat for export from free markets rather than from CCC stocks as heretofore. Acquisitions and sales of cotton during the fiscal year 1958 are estimated to be somewhat less than the comparable volume for the current fiscal year.

Although certain reductions in program volume are estimated for the fiscal year 1958, it constitutes only a fraction of the overall volume of transactions which have been steadily increasing and which are expected to reach a peak during the current fiscal year. The total value of loans made and repaid and commodities acquired and disposed of is estimated at $9.9 billion for the fiscal year 1958 compared with $11.6 billion estimated for the current fiscal year and $10 billion in actual transactions of this type during the fiscal year 1956, $8.4 billion in 1955 and $8.2 billion in 1954. This volume of transactions has been building up for the past several years resulting in expenditures for certain costs not ordinarily affected by fluctuations in program volume from one year to another.

It has caused some serious office space problems in the CSS Commodity Offices. Some offices now have an average employment of several hundred more than in 1954 but are occupying practically the same amount of space. In Chicago, for example, average annual employment increased from 695 in 1954 to 935 estimated for the current fiscal year, an increase of 240. The office space in 1954 amounted to 66,000 square feet compared with 70,100 square feet currently available. This results in a use of 75 square feet of space per employee compared with 90 to 100 square feet of space per employee established by the General Services Administration as the normal allowance. Similarly, New Orleans will average 74 square feet of space per employee this year as a result of an increase in average annual employment of 344. To alleviate these crowded conditions, and recognizing that improved working conditions will increase employee efficiency, plans have been made to secure additional space in the fiscal year 1957 for the

New Orleans, Chicago and Cincinnati Offices. The new space will not be obtained until the latter part of the fiscal year 1957, resulting in the need for additional funds in the fiscal year 1958 to place such rentals on a full-year basis.

Increased operational costs attributable to the current volume of price support operations are not confined to the CSS Commodity Offices but also are reflected in increased costs of certain accounting, barter and stockpiling and grain program functions at the departmental level, and for the ASC State Offices. In addition to increased domestic activity with respect to loans, purchases, sales and inventory management of CCC commodities, increased workload in connection with sales of agricultural commodities for foreign currencies under Title I, P.L. 480, and barter and stockpiling activity has developed. The program authorizing sales for foreign currencies was increased from $1.5 billion to $3 billion by the Act of August 3, 1956. Increased deliveries of strategic and critical materials under barter contracts entered into during previous years are now taking place. Deliveries of materials valued at $71 million and $167 million were made to CCC during the fiscal years 1955 and 1956 compared with $295 million estimated for delivery during the fiscal year 1957 and $314 million during 1958. While annual average employment devoted to grain programs has remained practically unchanged in the five-year period beginning with the fiscal year 1952, during this same period the value of grain inventories rose from $1.3 billion to $4.3 billion, an increase of 228 percent; the value of grain sold rose from $.7 billion to $1.7 billion, an increase of 134 percent; the value of grain loans made rose from $.6 billion to $1.5 billion, an increase of 157 percent; and the storage capacity of CCC-owned grain bins to be managed rose from 545 million bushels to 894 million bushels, an increase of 64 percent.

As a result of the initiation of the Soil Bank Program and the inability to obtain new employees to handle the increased workload, it was necessary in most of the ASC State Offices to defer work on CCC activities and have the experienced personnel devote their time to the initiation and operation of the new program. In the fiscal year 1958, with the Soil Bank Program well under way it is anticipated that CCC work previously deferred will be placed and maintained on a current basis.

In order to effectively cope with these increases in workload, it was necessary in the fiscal year 1957 to strengthen the divisions and ASC State Offices performing these functions, resulting in additional costs to be incurred in the fiscal year 1958 to reflect these increases on a full-year basis.

(b) An increase of $870,885 to provide for the installation of improved accounting equipment in the CSS Commodity Offices.

Problem and Need: For more than a year extensive studies and plans have been underway concerning the application and use of high-speed electronic computers to certain business-type operations of the

Commodity Credit Corporation. These studies show conclusively that the installation of such systems will provide greater service to the producers, warehousemen, carriers and other commercial facilities utilized in the conduct of the activities of the Corporation. It is also evident that such systems not only will provide operating data on a more timely basis but also will provide additional data for management and control purposes, the cost of which to obtain by conventional accounting methods is prohibitive. Finally, the studies strongly indicate that when the change-over from conventional accounting equipment has been fully accomplished, the cost of the improved system will be offset by monetary savings. As the result of these studies an initial installation was made in the Chicago CSS Commodity Office during the fiscal year 1957 and further installations are contemplated during 1958 in other commodity offices.

The additional costs incident to the initial installation of this type of equipment occur because of the many months of careful planning and developing procedure revisions which must precede delivery of this type of equipment.

Plan of Work: In order to minimize these initial installation costs a commodity office is assigned to work on a specific segment of price support operations. In Kansas City, for example, it is planned to install a computer in September 1957, to service the 1957 crop price support programs carried out in Colorado, Kansas, Missouri, Nebraska and Wyoming. Advance planning in this office was begun in November 1955 - nearly two years before delivery of the computer. Surveys were made of the complete cycle of operations beginning at the level of the county offices and continuing through the lending agencies, State offices and the commodity offices. These operations and proposed new methods were flow-charted and plans discussed with various banks, banking associations and other interested groups. Procedures are being revised and new forms designed. Test runs will be made on equipment to be furnished at no cost by the manufacturer. The systems completed by the Kansas City office will be made available to the other commodity offices, thus eliminating the necessity for those offices having to do the groundwork.

Similarly, other offices are studying the feasibility of using similar equipment in managing the huge inventories of the Corporation, including loading order issue and settlement, payment of storage charges, applying transit tonnage to movement of commodities, and maintaining inventory records and controls.

All of this work, of course, is conducted concurrently with regular operations and it is likely that parallel accounting systems may have to be in operation for a few weeks to assure perfection of the newer system. Other initial costs involved in installing this system include machine rental and installation costs, printed forms and supplies.

(c) An increase of $157,500 for the Special Milk Program.

By the Act of July 20, 1956, the Congress extended the Special Milk Program through June 30, 1958, and authorized the use of $75 million annually of Commodity Credit Corporation funds for the program. This legislation also expanded the eligibility of participants to include nonprofit nursery schools, child care centers, summer camps, and similar nonprofit institutions devoted to the care and training of children.

Since summer was well under way when the legislation was enacted, the program could not be undertaken for agencies operating during the summer months. As a result, the entire amount of the $75 million authorized will not be used in fiscal year 1957. However, during the fiscal year 1958, it is anticipated that the program will reach the full extent of participation. As a result, it is estimated that an additional $157,500 will be required for administrative expenses involved in extending the program to all eligible participants.

(2) An increase of $89,958 in the Commodity Export Program: This increase is due to additional costs for operating on a full-year basis, during the fiscal year 1958, the activities initiated during 1957 under the cotton products export program and additional workload resulting from revisions made in the operation of the wheat export program during the fiscal year 1957.

The cotton products export program extends the benefits under the existing export program for raw cotton to exports of cotton textiles, cotton yarns and spinnable cotton waste manufactured from American upland cotton, thereby protecting the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments are made on such exported products based on their raw cotton content.

Under the Corporation's wheat export program, payments in kind are now made with respect to wheat exports rather than in cash, and the Corporation discontinued making sales at special export prices from its stocks, except under barter contracts. As a result, exporters purchase wheat supplies for export primarily through normal commercial channels in the free market. The increased demand on free supplies to meet export needs is expected to strengthen the market and result in less wheat from current production going under loan.

(3) Increase to continue the provision for a contingency reserve of 7 percent -- $2,780,000: The current administrative expense limitation contains provision for a contingency reserve of not less than 7 percent, and it is proposed that provision for a similar contingency reserve be included for the fiscal year 1958 to be made available for use only on approval of the Bureau of the Budget.

The administrative expense requirements of the Commodity Credit Corporation are directly related to the volume of commodities placed under price support loans, acquired and disposed of. Since the volume of loan and inventory operations is, to a large extent, unpredictable, it follows that an estimate of administrative expense requirements, based on such tentative program volume estimates must of necessity also be highly tentative.

There are many factors contributing to the uncertainty of the program volume estimates upon which this estimate of administrative expense requirements is based. Of major importance is the fact that the 1957 crops, for which a large portion of the program volume will occur during the fiscal year 1958, have not as yet been planted or produced. Although the estimates are based on the assumption that yields for the 1957 crops will be as high as those for the 1955 crops or as indicated for the 1956 crops, they are also based on the assumption that substantial acreage reductions will be made in the 1957 crops of the basic commodities as a result of the Soil Bank Program. However, the estimated extent to which the Soil Bank Program will remove acreage from production necessarily is based upon goals rather than known facts.

In addition to the indefinite volume of production in the United States, it has been demonstrated that operations of the Corporation are also influenced by other uncertainties, such as agricultural production abroad, changes in domestic and world economic conditions and other factors which cannot be forecast accurately far in advance of the time of their occurrence.

For a number of years the Corporation has been compelled to request supplemental appropriations from Congress in order to carry on its operations. The time and effort by all concerned required to prepare, justify and present these requests have been costly. As a means of minimizing the necessity for taking such action, it is felt that provision of the reserve for CCC funds is very important and should be continued.

(4) An increase of $1,385,542 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

FUNCTIONAL BUDGET STATEMENT

Function	1956	1957 (estimated)	1958 (estimated)
1. Program formulation and direction	$3,311,150	$4,223,802	$4,745,702
2. Fiscal, transportation and warehousing services	1,702,352	1,863,280	2,089,834
3. Audit, compliance and investigation services	1,541,191	1,662,985	1,815,439
4. Program field operations	21,045,806	24,865,093	26,092,185
Add: Transfers to Cooperating Agencies	883,385	384,840	401,840
Contingency reserve	- -	- -	2,780,000
Unobligated balance	2,266,116	500,000a/	475,000 a/
Total limitation	30,750,000	33,500,000	38,400,000

a/ Represents portion of special limitation of $1,000,000 for use only to expand sales which it is estimated will be unobligated at end of fiscal year.

Function 1. Program Formulation and Direction.

This function includes formulating the programs and program policies; developing the operating provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operations. These operations are performed by the Board of Directors, the Advisory Board, the Administrator, the General Sales Manager of the Commodity Stabilization Service, and the CSS Commodity Divisions, and include continuous economic, analytical and other related work required on announced programs and on related commodities.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the specific nonbasic commodities -- tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for wool and mohair is mandatory under the National Wool Act of 1954. Price support for other commodities is discretionary. The level of support for designated nonbasic commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic and other factors set forth in the Act of 1949. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities, in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. Actual operations in the field are carried out through the Commodity Stabilization Service Commodity Offices, and the Agricultural Stabilization and Conservation State and County

Offices. (See Function 4.)

The principal factors in the increase in estimated cost of this function are: (1) the reflection on a full-year basis in 1958 of certain barter and stockpiling and grain program activities which, of necessity, were expanded during the fiscal year 1957 to cope with the large volume of price support activity, and (2) the anticipated expansion in connection with the additional outlets under the Special Milk Program, as heretofore explained in more detail under the heading "Increases and Decreases". Retirement costs under Public Law 854 for fiscal year 1958 and increased printing costs of the Government Printing Office resulting therefrom are also included in the increase under this function.

Function 2. Fiscal, Transportation and Storage Services.

These services include (1) determining over-all financing, fiscal and accounting policy and pricing within approved policies, (2) determining over-all policy for custody, transportation and storing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included also is the technical supervision of these functions and the maintenance of the general books and accounts of the Corporation and handling of financing arrangements for all operations of the Corporation.

These functions are performed by the Fiscal and Transportation and Storage Services Division, and, in addition to providing operational data for the everyday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

The principal factor in the increase in estimated cost of this function is the increased fiscal and financing activity in connection with Public Law 480 and other disposal programs and barter and exchange operations, as heretofore explained in more detail under the heading "Increases and Decreases". Retirement costs under Public Law 854 for fiscal year 1958 and increased printing costs of the Government Printing Office resulting therefrom are also included in the increase under this function.

Function 3. Audit, Compliance and Investigation Services.

These services are performed by the Audit Division and the Compliance and Investigation Division to determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered, detect fraud or program violations and assist in criminal or civil litigation.

In addition to specific recoveries to the Government resulting from fines, penalties, disallowed claims and collection of loans, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

The increase in the estimated cost of this function results from increased audit activity in connection with the larger volume of management and dis-

posal operations of the Corporation. Retirement costs under P. L. 854 for fiscal year 1958 are also included in the increase in this function.

Function 4. Program Field Operations.

Programs are carried out in the field primarily through eight Commodity Stabilization Service Commodity Offices and 48 State Agricultural Stabilization and Conservation Offices. Their functional operations consist of accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the CSS Commodity Offices during the fiscal years 1957 and 1958 were determined in the same manner as for previous years. The operating budgets for these offices for the current fiscal year have also been prepared in this manner. The method used is based upon the monthly "Work Status Report". This report reflects the actual number of documents (freight bills, loading orders, notes, etc.) processed, and the actual man-days required for such processing for each office. The estimated program volume to be handled by each office was converted into the number of documents to be processed during each fiscal year. On the basis of experience, as reflected in the "Work Status Report," the productivity rates expected to be attained were applied to the documents to be processed to determine the man-days required. This covered all of the expenses of these offices, except funds used for fixed operating costs such as supervisory personnel and costs other than personal services which were estimated on the basis of past experience.

The amount of funds required for program field operations is directly related to the volume of program operations. The attached Table I reflects the volume of program operations for the fiscal years 1957 and 1958 and Table II reflects the volume in terms of man-years and financial requirements for program field operations.

The major increase in the estimated cost of this function is to provide for the installation of improved accounting equipment in the CSS Commodity Offices, increased costs of rented office space, and increased costs applicable to the ASC State Offices. Partially offsetting this increase is a decrease in the estimated workload cost for the CSS Commodity Offices in the fiscal year 1958, as compared with the fiscal yaar 1957. This change is primarily due to an estimated decrease in commodity loan and acquisition activity. The foregoing is explained in more detail under the heading "Increases and Decreases", for fiscal year 1958. Retirement costs under Public Law 854 for fiscal year 1958 are also included in the increase under this function.

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Table I

Estimated Volume of Commodities
Commodity Credit Corporation Price Support and Storage Facility Program
Fiscal Years 1957 and 1958

	All Commodities Except Cotton		Cotton	
	1957	1958	1957	1958
	(carlots)		(000's bales)	
LOAN ACTIVITY				
A. Loans Made	546,890	501,305	6,494	5,924
B. Loans Repaid	207,861	153,011	2,033	1,660
C. Loans Forfeited:				
1. Warehouse stored	150,683	145,121	6,042	4,340
2. Farm stored	187,172	180,263	-	-
INVENTORY MANAGEMENT				
A. On Hand Beginning of Fiscal Year	1,074,620	1,006,283	6,800	6,300
B. Additions:				
1. Purchases	58,768	56,516	-	-
2. Purchase agreement Deliveries	40,946	44,655	-	-
3. Forfeiture of collateral	337,855	325,384	6,042	4,340
4. Exchanges	18,000	18,000	-	-
5. Transfers	118,150	105,150	-	-
Total Additions	573,719	549,705	6,042	4,340
C. Dispositions:				
1. Sales	460,966	398,348	6,542	4,501
2. Donations	44,940	36,052	-	-
3. Exchanges	18,000	18,000	-	-
4. Transfers	118,150	105,150	-	-
Total Dispositions	642,056	557,550	6,542	4,501
D. On Hand End of Fiscal Year	1,006,283	998,438	6,300	6,139
E. Reconcentrations	426,000	386,000	2,100	1,900

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Table II

SOURCE: WORK STATUS REPORT

ESTIMATED WORKLOAD, MAN-YEAR REQUIREMENTS AND COSTS, FISCAL YEARS 1957 AND 1958

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Estimate Fiscal Year 1957			Estimate Fiscal Year 1958		
			Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required	Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required
	PROGRAM ACTIVITIES		(260 Days)			(261 Days)		
	I. INVENTORY MANAGEMENT							
	A. Storage and Maintenance							
	1. Commercial							
01	a. Storage Contract Negotiations	Contract Documents	884	46,082	52.1	887	46,082	52.0
02	b. Inspection (1) By Commodity Office	Examination Report	260	37,078	142.6	261	37,078	142.1
03	(2) By Commodity Inspection Office	Inspection Request (lot)	4,914	66,952	13.6	4,933	66,952	13.6
04	(3) Other	Examination Report	2,418	13,264	5.5	2,427	13,264	5.5
05	c. Payments of Charges (1) Cotton	Invoice	468	7,200	15.4	470	7,200	15.3
06	(2) Other Commodities	Invoice	1,092	80,735	73.9	1,096	80,735	73.7
07	(3) Loading Order Settlement	Loading Order	286	86,410	302.1	287	75,660	263.6
08	(4) Reconcentration Payment, Cotton	Reconcentration Order	4,550	26,250	5.8	4,568	23,750	5.2
09	(5) Other Services	Invoice	1,924	89,987	46.8	1,931	89,987	46.6
10	2. CCC-Owned Facilities Bin Acquisitions, Install. Equipment and Maintenance	Transaction	4,680	98,459	21.0	4,698	98,459	21.0
	B. Movements and Transfers							
11	1. Delivery Instructions a. Loading Orders	Loading Order	520	86,410	166.2	522	75,660	144.9
12	b. Notices to Deliver	Notice to Deliver	1,430	80,692	56.4	1,436	85,667	59.7
13	c. Recon. Orders, Cotton	Bale	30,810	2,100,000	68.2	30,929	1,900,000	61.4
14	2. Deliveries	B/L or Del. Rect.	2,158	802,436	371.8	2,166	713,108	329.2
15	3. Freight Payments a. Cotton	Freight Bill	5,044	51,220	10.2	5,063	46,341	9.2
16	b. Other Commodities	Freight Bill	4,888	704,265	144.1	4,907	625,094	127.4
17	4. Post Audit of Freight Bills	Paid Freight Bill	18,642	298,121	16.0	18,714	266,734	14.3
18	5. Commodity Transit Adjust.	Difference Card	3,926	218,109	55.6	3,941	191,180	48.5
19	C. Commodity Stocks on Hand 1. Commercial Storage	Warehouse Receipt	353,964	11,114,070	31.4	355,325	9,057,864	25.5
20	2. CCC Storage	23-A (Line Items)	14,612	293,825	20.1	14,668	293,825	20.0
21	*II. MERCHANDISING ACTIVITIES* A. Purchases	Vendor Invoice	832	29,384	35.3	835	28,253	33.8
22	B. Sales, Donations and Transfers Out	Invoice	14,695*	6,637,885	451.7	12,737*	4,584,021	359.9
23	C. Dual and Exchange Contracts	Invoice	494	21,327	43.2	496	18,888	38.1

SOURCE: WORK STATUS REPORT (CONTINUED)

ESTIMATED WORKLOAD, MAN-YEAR REQUIREMENTS AND COSTS, FISCAL YEARS 1957 AND 1958

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Estimate Fiscal Year 1957			Estimate Fiscal Year 1958		
			Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required	Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required
			(260 Days)			(261 Days)		
	III. PRODUCER TRANSACTIONS							
24	A. Loan Making 1. Centralized Loans	Note or Bale	24,232	4,877,750	201.3	24,325	4,457,500	183.2
25	2. De-centralized Loans	Schedule	4,082	188,583	46.2	4,098	172,864	42.2
26	3. Servicing Agents' Fees	Invoice	1,170	6,783	5.8	1,175	6,783	5.8
	B. Loan Liquidation 1. By Repayment							
27	a. Centralized Loans	Bale or Cash Item per Note	36,634	1,323,706	36.1	36,775	767,250	20.9
28	b. De-centralized Loans	Schedule	3,120	148,472	47.6	3,132	109,294	34.9
29	2. By Acquisition of Collateral a. Farm Stored	CL-7 or CL-8	4,368	311,970	71.4	4,385	300,438	68.5
30	b. Warehouse Stored (1) Collateral Acquis.	Note or Bale	57,841*	6,293,138	108.8	53,778*	4,581,868	85.2
31	(2) Pre-Recordation of Collateral	Card	22,230	251,138	11.3	22,316	241,868	10.8
32	(3) Equity Payments & Cotton Pooling	Note or Bale	145,426*	6,049,315	41.6	145,386*	4,347,045	29.9
33	C. Purchase Agreement Deliveries	CP-4	5,486	51,183	9.3	5,507	55,819	10.1
34	D. Settlements with Producers on Cotton Claims	Prod. Settle. Statement	4,472	25,894	5.8	4,489	23,428	5.2
35	E. Allocation of Reconcentration Charges to Cotton Loans	Bale	33,488	630,000	18.8	33,617	570,000	17.0
	IV. MISCELLANEOUS PROGRAM ACTIVITIES							
36	A. Payments 1. International Wheat Agree.	Invoice	-	-	-	-	-	-
37	2. Section 32 Diver. & Export	Invoice	-	-	-	-	-	-
38	B. Claims by and Against CSS 1. Claims Determination	Claim Document	676	41,281	61.1	679	41,281	60.8
39	2. Claims Recordation & Review	Claim Document	858	23,508	27.4	861	23,508	27.3
40	C. Collection of Claims and Other Accounts Receivable	xxxx	-	-	65.5	-	-	65.3
41	D. Cash Receipts	Cash Item or Schedule	13,806	400,580	29.0	13,859	250,597	18.1
42	E. Regular Reports	Report	338	15,071	44.6	339	15,071	44.5
43	F. Special Reports	Report	182	1,247	6.9	183	1,247	6.8
44	G. Operational Assis. in the Field	xxxx	-	-	3.0	-	-	3.0
45	H. Cotton Pool Distribution	Check	70,746	3,864,752	54.6	71,018	3,864,752	54.4
46	I. Regional Attorney Requests	xxxx	-	-	5.0	-	-	5.0
47	J. Criminal Court Proceedings	xxxx	-	-	0.1	-	-	0.1
48	K. Public Law 480 - Title I	xxxx	286	7,298	25.5	287	7,298	25.4
49	Emergency Grain Storage		444	31,909	71.8	446	31,909	71.5
50	Certificates of Interest - Cotton		6,188	6,000	1.0	6,212	6,000	1.0
51	Proof of Exportation and Settlement Adjustments		-	-	72.7	-	-	72.4
52	Cotton Products Export		-	-	58.6	-	-	71.8
53	Preparation of Cotton Sales Catalog		-	-	36.7	-	-	36.6

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*Weighted for Cotton Activity

SOURCE: WORK STATUS REPORT (CONTINUED)

ESTIMATED WORKLOAD, MAN-YEAR REQUIREMENTS AND COSTS, FISCAL YEARS 1957 AND 1958

	Estimate Fiscal Year 1957			Estimate Fiscal Year 1958		
	Production Rate Per Man-Year (260 Days)	Number of Units to be Processed	Man-Years Required	Production Rate Per Man-Year (261 Days)	Number of Units to be Processed	Man-Years Required
Total Program Direct Labor			3,316.5			2,988.2
Administrative Activities						
I Personnel Work			39.2			39.2
II Budget Organization and Procedure			50.4			50.4
III Mail and Messenger			45.5			45.5
IV Other Administrative Activities			127.0			127.0
V Administrative Reporting			5.1			5.1
Total Administrative, Dir. Labor			267.2			267.2
Total Direct Labor, Less Leave			3,583.7			3,255.4
Leave, Direct Labor (14.5%)			519.6			472.0
Total Direct Labor			4,103.3			3,727.4
Indirect Labor			220.6			220.6
Total Labor			4,323.9			3,948.0
		Cost			Cost	
Average Salary		$4,083			$4,186	
Total Labor		17,653,970			16,527,085	
Less Man-Years equivalent of overtime			-107.9			-95.0
Net Labor		17,653,970	4,216.0		16,527,085	3,853.0
Objects 02-15		3,925,430			5,182,796	
Commodity Office Operations		21,579,400	4,216.0		21,709,881	3,853.0
Major Installation Costs Electronic Data Processing Machines		232,175	19.7		1,103,060	85.0
Total Commodity Office Operations		21,811,575	4,235.7		22,812,941	3,938.0
State Office Operations		2,323,687	366.0		2,531,563	381.6
General Services		729,831	98.3		747,681	97.1
Total Program Field Operations		24,865,093	4,700.0		26,092,185	4,416.7

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RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Purpose Statement

The Department of Agriculture makes scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Office of Defense Mobilization to be strategic and critical. Investigations are being conducted on the domestic production of vegetable tannins, castor oil, and strategic fibers.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated Funds	$314,000	$325,000

Research on Strategic and Critical Agricultural Materials

Appropriation Act, 1957 and Base for 1958	$314,000
Budget Estimate, 1958	325,000
Increase (for contribution to the retirement fund pursuant to Public Law 854)	+11,000

PROJECT STATEMENT

Project	1956	1957 (estimated)	Retirement Costs (P.L. 854)	1958 (estimated)
1. Investigations of domestic production of vegetable tannins	$73,624	$75,900	+$2,500	$78,400
2. Development of a domestic source of castor oil	118,199	121,000	+ 4,000	125,000
3. Research on domestic production of strategic fibers	113,397	117,100	+ 4,500	121,600
Unobligated balance	8,780		-	
Total retirement costs (P.L. 854)	- -	- -	[+11,000]	[11,000]
Total appropriation or estimate	314,000	314,000	+11,000(1)	325,000

INCREASE

(1) An increase of $11,000 is required to meet retirement costs under Public Law 854, applicable to the base for 1958. A full explanation of retirement cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Under this appropriation the Department of Agriculture makes scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Office of Defense Mobilization to be strategic and critical.

Current activities include research on domestic production of vegetable tannins, castor oil, and strategic fibers as follows:

1. Tannin investigations are devoted to the possible production of tanning materials from crops that can be produced in the United States, especially from canaigre, a desert plant grown in the Southwestern United States. Experimental plantings have been established in Arizona. Production problems encountered in growing this crop on a semi-commercial scale are being studied and improved varieties developed. Tannin extract has been prepared in a pilot plant on a scale large enough to permit its commercial evaluation in the production of heavy leather. Improvements in extraction processes are also being studied.

2. Current work on castor oil, which is an important source for strategically valuable special purpose lubricants and plastics, is devoted to problems encountered in lowering the cost of the domestic production of this oil through the development of superior varieties adapted to mechanical handling in the various areas of production, and the development of improved equipment for growing and harvesting the crop.

3. Studies in the field of strategic fibers are directed toward problems encountered in developing the domestic production of hard fibers and hard fiber substitutes (sansevieria, phormium, and hemp) that can be used for such purposes as lines and ropes on naval vessels, and of kenaf, a soft fiber with qualities similar to jute. Production research is conducted on breeding, disease, and quality problems, and engineering research on the development of improved planting, harvesting, and handling equipment.

Selected Examples of Recent Progress

1. Leather tanned successfully with 100 percent canaigre root tannin. The development of a domestically cultivated source of vegetable tannin that can be used 100 percent for the production of military leathers is needed because, under war conditions, imports of tanning material of this type might not be available. More than 10 tons of dried canaigre extract have been produced and the extract used successfully to tan steer hides into sole leather on a pilot scale experiment at a commercial tannery. This leather has been used successfully in the manufacture of 1,900 pairs of shoes for the Quartermaster Corps which are now being tested in field evaluation trials.

2. New breeding method accelerates castorbean improvement. An intensive study in cooperation with Oklahoma has resulted in discovery of a system of inheritance in castorbeans resembling the male sterility character used so successfully for breeding high-yielding and disease-resistant varieties of onions, sorghum, sugar beets, and other crops. Completely pistillate (female) castorbean lines that can be used for the production of commercial hybrid seed have been developed from several important varieties, including Cimarron and Custer. The female inheritance factor can be transferred easily to other desirable parental lines, thus promising to accelerate the program for breeding disease-resistant hybrids for the mid-South and easily harvestable dwarf hybrids for irrigated production in the Southern Great Plains and the Southwest. The cost of commercial hydrid castorbean seed should be materially reduced when the new female lines come into general use.

3. New dwarf-type castor bean developed. This new variety which was developed by the Department and the Texas Agricultural Experiment Station, is particularly adapted to production on irrigated land in the Texas High Plains and in Southern Oklahoma. In field scale tests the variety has yielded over a ton of beans per acre and far exceeds any previous variety in suitability for mechanical harvesting. It shows extreme resistance to wind damage that is a frequent cause of loss with other varieties in the Southern Great Plains. Seed of this variety will be available in a substantial amount to growers for planting in 1957.

4. Field harvester and ribboner developed for woody fiber crops. A prototype field machine for harvesting and ribboning kenaf, which is also suitable for ramie or other woody fiber crops, has been developed. This machine produces ribbons practically free of the woody portions of the plant, which are left in the field. Thus, the volume and weight to be handled are greatly reduced, with resulting reductions in labor requirements and costs. Principles used in the machine were incorporated in three privately built harvester-ribboners which were used on a commercial planting of ramie during the 1956 harvesting season.

REIMBURSEMENTS TO COMMODITY CREDIT CORPORATION FOR ADVANCES FOR ANIMAL DISEASE ERADICATION ACTIVITIES, AGRICULTURAL RESEARCH SERVICE

Purpose Statement

The purpose of this request is to provide funds to reimburse the Commodity Credit Corporation for advances made and other costs incurred in fiscal year 1956 for livestock disease eradication activities administered by the Agricultural Research Service. Since fiscal year 1948, the agricultural appropriation acts have included an authorization which provides that, when emergency outbreaks of diseases threaten the livestock or poultry industry, the Secretary may transfer to the appropriation "Diseases of Animals and Poultry" such sums as he may deem necessary from appropriations or funds available to other bureaus, corporations or agencies of the Department. Section 204(e) of Title II of the Agricultural Act of 1954, as amended, authorized the Secretary to conduct an expanded program for the eradication of brucellosis. Under these authorities, three programs have been conducted as follows:

Eradication of Foot-and-Mouth Disease. Mexico was declared to be free of foot-and-mouth disease on December 31, 1954. With the appropriation of $1,269,330 made in fiscal year 1957, all repayments to Commodity Credit Corporation of transfers for costs of this program were completed.

Eradication of Vesicular Exanthema of Swine. Transfers to finance the eradication of vesicular exanthema of swine were made from Commodity Credit Corporation funds in fiscal year 1956. The amount so transferred, including interest through June 30, 1957, was $1,853,450 and funds are being requested in this budget to reimburse the corporation in this amount. In fiscal year 1957, transfers of not to exceed $1,550,000 are authorized and an appropriation to reimburse the corporation for amounts transferred, including interest, will be requested as a part of the 1959 Budget Estimates.

Eradication of Brucellosis. On September 23, 1954, the Secretary approved the initiation of an accelerated brucellosis program under the authority of section 204(e) of Title II of the Agricultural Act of 1954. To finance this program, the Act initially authorized the transfer of not to exceed $15 million annually for a period of two years from funds available to the Commodity Credit Corporation. Public Law 465, approved April 2, 1956, amended section 204(e) to increase the amount for fiscal year 1956 to $17 million and for each of fiscal years 1957 and 1958 to $20 million. The cost of the expanded program in fiscal year 1956, including interest through June 30, 1957, was $16,728,210 and funds are being requested in this budget to reimburse the corporation in this amount. In fiscal year 1957, it is anticipated that the full amount authorized for the expanded program will be needed and an appropriation will be requested as a part of the 1959 Budget Estimates to reimburse the corporation for such costs.

	Appropriated, 1957 (fiscal year 1955 program)	Budget Estimate, 1958 (fiscal year 1956 program)
Appropriated funds:		
Eradication of foot-and-mouth disease	$1,269,330	- -
Eradication of vesicular exanthema of swine	- -	$1,853,450
Eradication of brucellosis	11,791,624	16,728,210
Total	13,060,954	18,581,660

REIMBURSEMENTS TO COMMODITY CREDIT CORPORATION FOR ADVANCES FOR ANIMAL DISEASE ERADICATION ACTIVITIES

Appropriation Act, 1957 (fiscal year 1955 program)	$13,060,954
Budget Estimate, 1958	18,581,660
Increase (to reimburse Commodity Credit Corporation for costs incurred during fiscal year 1956)	+5,520,706

SUMMARY OF INCREASES AND DECREASES, 1958

Decrease due to completion of payments required to reimburse Commodity Credit Corporation for costs incurred for eradication of foot-and-mouth disease	-1,269,330
Increase to reimburse Commodity Credit Corporation for costs incurred for eradication of vesicular exanthema of swine	+1,853,450
Increase to reimburse Commodity Credit Corporation for costs incurred for accelerated brucellosis program	+4,936,586

PROJECT STATEMENT

Project	1956	1957 (estimated)	Increase or Decrease	1958 (estimated)
Reimbursements for costs incurred in prior fiscal years:				
(a) For eradication of foot-and-mouth disease	$5,788,897	$1,269,330	-$1,269,330(1)	- -
(b) For eradication of vesicular exanthema of swine	- -	- -	+1,853,450(2)	$1,853,450
(c) For brucellosis eradication	- -	11,791,624	+4,936,586(3)	16,728,210
Total available or estimate	5,788,897	13,060,954	+5,520,706	18,581,660
Transfer in 1957 Estimates from "Reimbursements to Commodity Credit Corporation for Advances for Animal Disease Eradication Activities"	-5,788,897	- -		
Total appropriation	- -	13,060,954		

INCREASES AND DECREASES

(1) Decrease of $1,269,330 due to elimination of funds to reimburse Commodity Credit Corporation for costs incurred for eradication of foot-and-mouth disease in Mexico.

Mexico was declared free of foot-and-mouth disease on December 31, 1954. All repayments to Commodity Credit Corporation of transfers for costs of this program were completed in fiscal year 1957.

(2) Increase of $1,853,450 to reimburse Commodity Credit Corporation for costs incurred for eradication of vesicular exanthema of swine.

An appropriation of $1,853,450 is requested to discharge the indebtedness to Commodity Credit Corporation for funds transferred to cover expenses incurred during the fiscal year 1956 (including interest thereon through June 30, 1957) in connection with the eradication of vesicular exanthema of swine. This transfer was made pursuant to authority contained in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956, which provided for the transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department, of not to exceed $2,250,000 for eradication of vesicular exanthema of swine for 1956.

The cost of the program in fiscal year 1956 was as follows:

Operating funds	$2,010,777
Indemnity payments	81,403
Subtotal	2,092,180
Recovery of prior year obligations, under the item "Foot-and-mouth and other contagious diseases of animals and poultry"	-364,799
Unobligated balance forwarded to fiscal year 1957	+53,619
Transferred to "Salaries and expenses, research" Agricultural Research Service	+12,000
Transferred from Commodity Credit Corporation	1,793,000
Estimated interest to June 30, 1957	60,450
Total required for reimbursement to Commodity Credit Corporation	1,853,450

Information with respect to this program and accomplishments in 1956 is included in the justification for the item "Diseases of Animals and Poultry".

(3) Increase of $4,936,586 to reimburse Commodity Credit Corporation for costs incurred for accelerated brucellosis program in fiscal year 1956.

An appropriation of $16,728,210 is requested to discharge indebtedness to Commodity Credit Corporation for funds transferred to cover expenses incurred during the fiscal year 1956 (including interest thereon through June 30, 1957) in connection with the accelerated brucellosis eradication program. This transfer was made pursuant to authority granted under Section 204(e) of Title II of the Agricultural Act of 1954, Public Law 690 approved August 28, 1954, as amended by Public Law 465 approved April 2, 1956, which provided for the transfer of not to exceed $17,000,000 for 1956 from funds available to the Commodity Credit Corporation to the appropriation "Salaries and Expenses, Agricultural Research Service, Plant and Animal Disease and Pest Control."

The cost of the accelerated program during its first two years of operation was as follows:

	1955	1956
Operating funds	$7,276,036	$10,712,084
Indemnity payments	4,282,661	5,512,351
Subtotal	11,558,697	16,224,435
Estimated interest through June 30, 1957	232,927	503,775
Appropriation or estimate required to reimburse Commodity Credit Corporation	11,791,624	16,728,210

Information with respect to this program and accomplishments in 1956 is included in the justification for the item "Plant and Animal Disease and Pest Control" under Salaries and Expenses, Agricultural Research Service.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To reimburse the Commodity Credit Corporation for authorized transfers through June 30, 1956 (including interest through June 30, [1956] 1957) as follows: (1) [$1,269,330] $1,853,450 for sums transferred to the appropriation "Foot-and-mouth and other contagious diseases of animals and poultry", fiscal year [1955] 1956, for eradication activities, pursuant to authority contained under such head in the Department of Agriculture and Farm Credit Administration Appropriation Act, [1955] 1956, and (2) [$11,791,624] $16,728,210 for sums transferred to the appropriation "Salaries and expenses, Agricultural Research Service", fiscal year [1955] 1956, for brucellosis eradication, pursuant to section 204(e) of the Act of August 28, 1954, as amended (7 U.S.C. 397).

The first change in language would make it clear that this appropriation may be used to reimburse the Commodity Credit Corporation for prior year charges, when, due to fluctuation of interest rates, the amount appropriated may not have been adequate to cover all interest charges. This change is identical with that being proposed in other 1958 appropriations made to reimburse the Commodity Credit Corporation.

The second change in language proposes the insertion of the words "as amended" after the reference to section 204(e) of the Act of August 24, 1954, since that section was amended by Public Law 465, approved April 2, 1956. Section 2 of the amendment increased the amount authorized to be transferred from funds available to the Commodity Credit Corporation to finance the accelerated brucellosis eradication program from $15,000,000 to $17,000,000 for the fiscal year 1956 and to $20,000,000 in the fiscal years 1957 and 1958.

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR ADVANCES FOR GRADING AND CLASSING ACTIVITIES, AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Department of Agriculture Appropriation Act for 1952 authorized advances from the Commodity Credit Corporation to appropriations available for classing and grading agricultural commodities without charge to producers in order to insure a prompt, efficient service. Such advances must be repaid from subsequent appropriations.

This item reflects funds for reimbursing Commodity Credit Corporation (including interest) so that the Corporation may be made whole for funds advanced which were in excess of the cost of classing cotton and grading tobacco which were placed under price support.

	Appropriated, 1957 (1955 costs)	Budget Estimate, 1958 (1956 costs)
Appropriated funds	$367,740	$80,449

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR ADVANCES FOR GRADING AND CLASSING ACTIVITIES, AGRICULTURAL MARKETING SERVICE

Appropriation Act, 1957 and base for 1958	$367,740
Budget Estimate, 1958	80,449
Decrease (due principally to the large volume of Smith-Doxey classed cotton placed under CCC loan)	-287,291

PROJECT STATEMENT

Project	1956	1957 (estimated)	Decrease	1958 (estimated)
Reimbursement to Commodity Credit Corporation	- -	$367,740	-$287,291 (1)	$80,449

DECREASE

(1) A decrease of $287,291 is estimated in the amount required to reimburse the Commodity Credit Corporation for costs incurred in fiscal year 1956 for inspecting and grading tobacco and classing cotton not placed under loan. Under the Smith-Doxey Act of 1937, farmers organized to promote improvement of cotton are eligible for free classing service. Under the Tobacco Inspection Act of 1935 tobacco producers selling tobacco at designated auction markets are eligible for free inspection and grading service. The class of cotton or the grade of tobacco placed on the commodity by a Federal cotton classer or a Federal tobacco inspector is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (1) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (2) a cotton classing organization which is capable of getting classification returns to producers promptly.

The demand for these services in 1956 exceeded that which could be provided from available appropriations and other funds. Therefore, in order to insure a prompt efficient service, funds were advanced from Commodity Credit Corporation under authority contained in the Department of Agriculture Appropriation Act, 1952.

Portion of Funds Advanced in 1956 Must Be Repaid

In fiscal year 1956 a total of $1,768,500 was advanced from CCC under the 1952 Appropriation Act authority. The portion of this amount which is attributed to cost of classing or grading cotton and tobacco going under price support loan is borne by the Commodity Credit Corporation. Therefore, the appropriation estimate of $80,449 represents the net amount required for providing these services for the quantities not going under loan. The cost of classing the large volume of cotton placed under loan exceeded the

amount advanced; therefore, no reimbursement is due the Commodity Credit Corporation for advances for classing cotton. With respect to tobacco inspection, the total advanced was $549,500 while the cost of inspecting and grading tobacco that went under loan amounted to $372,499. The appropriation requested for 1958 is to repay Commodity Credit Corporation (with interest) for that part of the amount advanced which was in excess of the cost of grading tobacco which was placed under price support.

The basis for the amount requested for reimbursement in 1958 is as follows:

Cotton:		
Estimated total number of classings by Federal employees		14,394,588
Estimated cost of all classings by Federal employees		$3,074,684
Average cost per classing		21.36¢
Estimated total bales classed under Smith-Doxey Act going under loan		7,112,217
Advance from CCC	$1,219,000	
Estimated cost of classing loan cotton (7,112,217 x 21.36)	1,519,170	
To be repaid CCC	- -	
Tobacco:		
Estimated total quantity of tobacco inspected and graded at auction markets (lbs.)		2,200,551,305
Estimated cost of tobacco inspection at designated markets		$2,136,626
Estimated quantity entering loan program (lbs.)		383,642,796
Percent of total entering loan		17.43%
Advance from CCC	$549,500	
Estimated cost of inspecting loan tobacco (17.43% of $2,136,626)	372,499	
To be repaid CCC	177,001	
Total amount to be repaid:		
Cotton	- -	
Tobacco	177,001	
Total	177,001	
Interest through June 30, 1957	3,448	
Total amount to be reimbursed to CCC	180,449	
Repaid from unobligated Marketing Services balances in 1956	100,000	
Appropriation estimate, 1958	80,449	

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows: (new language underscored; deleted matter enclosed in brackets):

For reimbursement to Commodity Credit Corporation for sums transferred to the appropriation "Marketing research and
1 service" [, fiscal year 1955] through June 30, 1956 (including interest thereon through June 30, [1956] 1957), pursuant to the Act of August 31, 1951 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d), [$367,740] $80,449.

The change in language would make it clear that this appropriation may be used to reimburse the Commodity Credit Corporation for prior year charges, when, due to fluctuation of interest rates, the amount appropriated may not be adequate to cover all interest charges. This change is identical with that being proposed in other 1958 appropriation items to reimburse the Commodity Credit Corporation.

SPECIAL COMMODITY DISPOSAL PROGRAMS,
COMMODITY STABILIZATION SERVICE

Purpose Statement

The funds and facilities of the Commodity Credit Corporation have been utilized to carry out programs outside of its regular functions but involving the disposition of surplus agricultural commodities for which the Corporation is authorized to be reimbursed under the following specific legislation.

1. International Wheat Agreement - This Agreement operates to provide an assured market for wheat to exporting countries and assured supplies of wheat to importing countries, at stable and equitable prices.

   Under authority contained in the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642), capital funds of Commodity Credit Corporation were used to pay in fiscal year 1956 (a) the difference between the prevailing price under the Agreement and the domestic market price of wheat, and (b) administrative and interest costs. Effective September 4, 1956, the payment of this differential for wheat exported under the Agreement is paid in CCC stocks of wheat rather than in cash. A cash payment will continue to be made for flour. The Act also authorizes appropriations to reimburse the Corporation for costs incurred.

2. Emergency Famine Relief to Friendly Peoples - The Act of August 7, 1953 (67 Stat. 476) directed the Commodity Credit Corporation to make its stocks of agricultural commodities available to the President through March 15, 1954, for furnishing emergency assistance to friendly peoples in meeting famine or other urgent relief requirements. The Act also authorized the appropriation of funds to reimburse the Corporation for its investment in such commodities including handling and the cost incurred in making deliveries. Operations under this Act have been completed and the Commodity Credit Corporation reimbursed therefor by appropriation of $9,545,830 contained in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956.

   Title II of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1703, 1721-1724), directs the Commodity Credit Corporation to make its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and populations through June 30, 1957, and authorizes the appropriation of not more than $500,000,000 to reimburse the Corporation.

3. Sales of Surplus Agricultural Commodities for Foreign Currencies - Title I of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1701-1709), authorizes the President, until June 30, 1957, to carry out a program for the sale of surplus agricultural commodities for foreign currencies. The Act provides that Commodity Credit Corporation shall make available for sale to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the Administration of its price-support operations, and shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation.

The Act further provides various specified uses of the foreign currencies by any department or agency of the Government and requires reimbursement to Commodity Credit Corporation by the agency using such funds if appropriations have been made for any of the specified uses. To the extent the Corporation is not thus reimbursed by other agencies, the Act authorizes appropriations to reimburse Commodity Credit Corporation for its investment in commodities used under the Act including processing, packaging, transportation and handling costs, and for costs incurred in financing the exportation of commodities, and limits transactions requiring appropriations to $3.0 billion.

4. Transfer of Hay and Pasture Seeds - The Act of July 26, 1954 (68 Stat. 529) provided for the transfer of hay and pasture seed acquired by the Commodity Credit Corporation under the price support program to the Forest Service, Department of Agriculture; the Fish and Wildlife Service, Interior Department; and the Bureau of Land Management, Interior Department; and authorized the appropriation of funds to reimburse the Commodity Credit Corporation for its investment in the seeds transferred pursuant to the Act. An appropriation was made in 1957 to cover reimbursement for operations during fiscal year 1955 in the amount of $184,678. No further activity has occurred under this program.

	Appropriated, 1957	Budget Estimate, 1958
Appropriated funds:		
1. International Wheat Agreement	$101,130,155	$92,930,611
2. Emergency famine relief to friendly peoples	88,628,927	94,483,518
3. Sales of surplus agricultural commodities for foreign currencies	67,477,228	637,000,000
4. Transfer of hay and pasture seeds	184,678	- -
Total	257,420,988	824,414,129

SPECIAL COMMODITY DISPOSAL PROGRAMS

Appropriation Act, 1957 and base for 1958	$257,420,988
Budget Estimate, 1958	824,414,129
Increase	⁄566,993,141

SUMMARY OF INCREASES AND DECREASES, 1958

Decrease in net costs of the Commodity Credit Corporation in carrying out the International Wheat Agreement	-8,199,544
Increase for emergency famine relief to friendly peoples	⁄5,854,591
Increase for costs incurred in the sale of surplus agricultural commodities for foreign currencies	⁄569,522,772
Decrease due to completion of operation under the program for transfer of hay and pasture seeds to Federal land-administering agencies	-184,678

PROJECT STATEMENT

Project	1956	1957 Appropriation	Increase or Decrease	1958 (estimated)
1. International Wheat Agreement	$57,378,551	$101,130,155	-$8,199,544(1)	$92,930,611
2. Emergency famine relief to friendly peoples	9,537,154	88,628,927	⁄5,854,591(2)	94,483,518
3. Sales of surplus agricultural commodities for foreign currencies	- -	67,477,228	⁄569,522,772(3)	637,000,000
4. Transfer of hay and pasture seeds	- -	a/ 184,678	-184,678(4)	- -
Total	66,915,705	257,420,988	⁄566,993,141	824,414,129

a/ Includes unobligated balance of $733.

INCREASES AND DECREASES

(1) International Wheat Agreement:
The decrease of $8,199,544 is composed of the following:

A. Program Costs - The decrease in program costs results from a decreased volume of exports from 131,567,381 bushels in the fiscal year 1955 to 123,350,130 bushels in the fiscal year 1956 and a decrease in the spread between the domestic market price of wheat and the prevailing sales price under the agreement from 75¢ per bushel in the fiscal year 1955 to 73¢ per bushel in the fiscal year 1956.

B. Interest Costs - Increased interest costs result from an increase in the average interest rate, partially offset by a decrease in program costs.

C. Total Costs - Following is a summary comparing the program and interest costs reflected in the Budget Estimate with the appropriation for 1957 and a table showing the details, by country, of the amounts included in the 1957 appropriation and the 1958 Budget.

	1957 Appropriation	Change	1958 Estimate
Program costs	$98,674,507	-$8,817,922	$89,856,585
Interest costs	2,455,648	+618,378	3,074,026
Total	101,130,155	-8,199,544	92,930,611

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service

Wheat and Wheat Flour (bushel equivalent) Exported from the United States
Pursuant to the Terms of the International Wheat Agreement

Importing Country	Fiscal Year 1957 Appropriation 1955 Program			Fiscal Year 1958 Appropriation 1956 Program		
	Bushels	Amount due CCC	Average Cost to CCC per Bushel	Bushels	Amount due CCC	Average Cost to CCC per Bushel
Austria	1,983,121	$1,301,339	$ .66	1,474,531	$1,179,519	$ .80
Belgium	5,249,601	3,815,392	.73	4,119,547	3,220,775	.78
Bolivia	743,988	578,905	.78	1,885,570	1,498,063	.79
Brazil	5,178,856	3,056,280	.59	2,490,046	1,638,090	.66
Costa Rica	724,979	631,335	.87	623,316	535,130	.86
Cuba	5,104,518	4,783,658	.94	6,103,195	5,145,455	.84
Denmark	-	-	-	943,992	837,454	.89
Dominican Republic	532,056	501,533	.94	625,855	520,308	.83
Ecuador	288,060	188,485	.65	332,359	231,461	.70
Egypt	414,874	392,022	.94	6,459,687	4,897,465	.76
El Salvador	481,382	438,562	.91	553,552	460,442	.83
Germany	25,465,129	17,309,970	.68	17,042,492	11,157,434	.66
Greece	12,045,368	9,145,359	.76	10,027,384	6,736,328	.67
Guatemala	742,570	556,863	.75	796,108	635,931	.80
Haiti	1,473,283	1,393,895	.95	1,372,497	1,126,355	.82
Honduras	444,939	376,322	.85	399,987	308,551	.77
Iceland	35,344	29,621	.84	29,905	22,520	.75
India	5,351,400	3,895,634	.73	6,862,635	4,514,854	.66
Indonesia	374,131	358,965	.96	424,502	425,553	1.00
Ireland	379,381	250,369	.66	384,533	253,792	.66
Israel	7,284,550	5,265,113	.72	2,995,425	2,552,053	.85
Italy	-	-	-	2,790,159	1,586,822	.57
Japan	18,923,283	13,148,734	.69	14,696,207	9,576,210	.65
Jordan	-	-	-	208,003	175,546	.84
Korea	1,773,417	1,394,852	.79	366,515	274,886	.75
Lebanon	1,580,110	1,518,004	.96	911,716	793,485	.87
Liberia	42,087	39,774	.94	36,463	30,990	.85
Mexico	150,000	107,400	.72	3,969,845	2,670,402	.67
Netherlands	15,052,607	11,693,139	.78	10,861,666	8,487,436	.78
Nicaragua	238,717	213,685	.89	227,956	184,909	.81
Norway	5,402,775	4,069,742	.75	3,071,332	2,313,872	.75
Panama	423,459	371,458	.88	483,624	409,137	.85
Peru	761,893	553,664	.73	36,115	30,410	.84
Philippines	4,052,965	4,077,485	1.01	3,617,061	3,105,585	.86
Portugal	2,128,985	1,561,794	.73	3,658,959	2,783,791	.76
Portuguese India	-	-	-	1,120	980	.88
Saudi Arabia	748,609	714,093	.95	794,542	687,286	.87
Spain	338,690	199,827	.59	3,070,915	1,767,855	.58
Union of South Africa	2,067,629	1,414,796	.68	1,045,025	740,972	.71
United Kingdom	-	-	-	2,318	1,959	.85
Vatican City	559,472	389,833	.70	364,675	217,736	.60
Venezuela	3,011,900	2,797,644	.93	3,541,061	2,871,921	.81
Yugoslavia	13,253	10,276	.77	3,647,735	3,121,861	.86
Unidentified Collections	-	-63,746	-	-	-51,626	-
Total Payment	131,567,381	$98,482,076	.75	123,350,130	$89,679,958	.73
Administrative Cost	-	192,431	-	-	176,627	-
Total Program Cost	-	$98,674,507	.75	-	$89,856,585	.73
Interest to June 30		2,455,648	.02		3,074,026	.02
GRAND TOTAL	131,567,381	$101,130,155	$ .77	123,350,130	$92,930,611	$.75

9/26/56

(2) Emergency Famine Relief to Friendly Peoples:
The increase of $5,854,591 is composed of the following:

A. Program Costs - An increase of $4,653,898 resulting from an increase in program activity. The Commodity Credit Corporation delivered 440,522 long tons of agricultural commodities in fiscal year 1956 compared with 584,370 long tons delivered in fiscal year 1955. Heavier deliveries in 1956 for dairy products, rice and cottonseed were offset by a decrease in quantities of grain delivered.

B. Interest Costs - Increased interest costs of $1,200,693 results partially from the increase in program costs and partially from the increase in the average annual interest rate.

C. Total Costs - Following is a summary comparing the program and interest costs reflected in the Budget Estimate with the appropriation for 1957 and a table showing the details by commodity of the amounts included in the 1957 appropriation and the 1958 Budget Estimate.

	1957 Appropriation	Change	1958 Estimate
Program costs ...	$86,623,135	+$4,653,898	$91,277,033
Interest costs ..	2,005,792	+1,200,693	3,206,485
Total	88,628,927	+5,854,591	94,483,518

EMERGENCY FAMINE RELIEF TO FRIENDLY PEOPLES

Program	Unit of Measure	Fiscal Year 1955		Fiscal Year 1956	
		Quantity	Sales Proceeds	Quantity	Sales Proceeds
Cotton, extra long staple	Bales	-	-	3,600	$1,337,536
Cotton, upland	Bales	4,842	$998,755	23,849	5,087,683
Butter	Pounds	6,466,097	4,781,578	6,922,230	4,526,456
Butter Oil	Pounds	2,143,262	2,042,625	207,500	171,638
Cheese	Pounds	4,254,483	2,010,647	22,470,913	10,323,591
Milk, dried	Pounds	11,253,365	2,486,007	24,301,199	4,906,613
Barley	Bushels	79,200	167,001	183,630	361,234
Beans, dry edible	Cwt.	178,306	1,851,551	149,195	1,287,000
Corn	Bushels	3,301,508	7,986,824	1,412,899	3,628,868
Cornmeal	Pounds	2,203,350	124,717	-	-
Rice, milled	Cwt.	305,962	3,801,672	1,940,843	21,366,830
Rye flour	Pounds	1,102,100	94,055	-	-
Wheat	Bushels	15,934,079	50,471,741	9,006,868	29,222,873
Wheat flour	Pounds	68,890,850	5,372,676	58,166,152	4,228,178
Cottonseed Oil, refined	Pounds	17,097,889	4,433,286	23,624,752	4,828,533
Total Program		xxx	86,623,135	xxx	91,277,033
Interest			2,005,792		3,206,485
Appropriation 1957 and Estimate 1958			88,628,927		94,483,518

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(3) Sales of Surplus Agricultural Commodities for Foreign Currencies: The increase of $569,522,772 is composed of the following:

A. Program Costs - An increase of $487,798,826 results from a greatly expanded program as reflected by the 2,995,914 long tons of agricultural commodities delivered from CCC's stocks during fiscal year 1956 compared with the 895,459 long tons delivered during fiscal year 1955. Heavier deliveries of wheat, cottonseed oil and butter, and the addition of cheese, dried milk, rice and corn to the program were primarily responsible for the increase.

B. Dollars Received for Foreign Currency - The amount of $10,793,477 was received from other U. S. Government agencies during fiscal year 1956 for foreign currencies used by them for programs for which appropriated funds are available. No reimbursements of this type were received by CCC during fiscal year 1955.

C. Provision for Future Reimbursement - The 1957 appropriation $64,626,225 represented the amount of foreign currencies required to be deposited through June 30, 1955, for commodities exported. In the absence of any basis for determining possible future recoveries, the full amount was deducted from the appropriation estimate. As of June 30, 1956, an analysis was made of the allocations of foreign currencies to reimburseable uses and was compared with actual collections and uses to that date. As a result, it is estimated that $66,344,455 may be received for the currencies on deposit. Provision for losses due to exchange rate fluctuations is estimated at $7,963,650, leaving a net amount to be reimbursed in dollars of $58,380,805 or a decrease of $6,245,420 in the comparable deduction from the 1957 appropriation.

D. Interest - The increase of $21,645,778 is the result of (a) increased program volume, (b) interest accruing on unrestored balances of prior year operations, and (c) an increase in the average annual interest rate.

E. Total Costs - Following is a summary of total costs and recoveries included in the 1957 appropriation and the 1958 estimates together with a table showing the commodity detail of Commodity Credit Corporation stocks furnished and costs of financing private stocks and ocean transportation:

	1957 Appropriation	Increase	1958 Estimate
Program costs	$129,164,632	+$487,798,826	$616,963,458
Interest costs ...	2,938,821	+21,645,778	24,584,599
Unrecovered prior year costs	- -	+64,626,225	64,626,225
Subtotal	132,103,453	+574,070,829	706,174,282
Deduct Reimbursements:			
In dollars ...	- -	+10,793,477	10,793,477
In future years	64,626,225	-6,245,420	58,380,805
Appropriation required ...	67,477,228	+569,522,772	637,000,000

SALES OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

Program	Unit of Measure	Fiscal Year 1955		Fiscal Year 1956	
		Quantity	Program Costs	Quantity	Program Costs
CCC Stocks					
Cotton, upland	Bales	54,691	$8,212,745	-	-
Butter	Pounds	2,453,047	1,789,751	4,743,720	$3,021,226
Cheese	Pounds	-	-	2,473,484	935,465
Milk, dried ..	Pounds	-	-	12,176,424	2,079,131
Barley	Bushels	5,888,850	9,214,224	4,765,361	7,405,631
Beans, dry edible	Cwt.	-	-	20,373	158,685
Corn	Bushels	-	-	3,889,991	9,341,884
Grain Sorghums	Cwt.	422,240	1,528,763	2,202,073	7,123,008
Oats	Bushels	3,439,571	3,543,767	1,306,264	1,442,211
Rice, milled..	Cwt.	-	-	1,655,382	18,180,652
Wheat	Bushels	24,915,036	78,459,064	94,727,743	296,469,228
Cottonseed Oil, refined	Pounds	46,166,200	8,482,993	130,937,070	21,704,052
Linseed Oil ..	Pounds	-	-	690,654	142,890
Total CCC Stocks ...		xxx	111,231,307	xxx	368,004,063
Private Stocks and Ocean Transportation		xxx	17,933,325	xxx	248,959,395
Total Program Costs		xxx	129,164,632	xxx	616,963,458

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(4) Transfer of Hay and Pasture Seeds:
The decrease of $184,678 results from the completion of operations under this program. The 1957 Appropriation Act reimbursed the Corporation for its 1955 program costs involved in delivery of seed to Federal land-administering agencies.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To reimburse the Commodity Credit Corporation for authorized costs (including interest through June 30 /1956/ 1957), as follows: (1) /$101,130,155/ $92,930,611 under the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642); (2) /$88,628,927/ $94,483,518 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954
1 /(7 U.S.C. 1691-1694);/, as amended (7 U.S.C. 1703, 1721-1724); and (3) /$67,477,228/ $637,000,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of
2 July 10, 1954, as amended (7 U.S.C. /1691-1694); and (4) $184,678 for the transfer of hay and pasture seeds to Federal land-administering agencies under the Act of July 26, 1954 (68 Stat. 529/ 1701-1709).

Except for the changes in appropriation amounts and the applicable year date, the changes in language are as follows:

The first change deletes an incorrect citation to the U. S. Code for the program for disposing of commodities for emergency famine relief and substitutes therefor the correct citation.

The second change deletes language for a program which has been completed and for which reimbursement has been received by the Commodity Credit Corporation and inserts the U. S. Code reference to Acts authorizing the sale of surplus commodities for foreign currencies.

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR EMERGENCY FEED ASSISTANCE

PROJECT STATEMENT

Project	1956	1957 (estimated)	1958 (estimated)
Emergency feed assistance	$41,915,799	- -	- -
Unobligated balance	184,201	- -	- -
Total appropriation	42,100,000	- -	- -

Supplementing the Act of July 14, 1953 (12 U. S. C. 1148d), authorizing the use of Commodity Credit Corporation facilities and stocks for emergency feed and seed assistance, the President directed that the feed stocks of the Corporation be furnished without reimbursement from currently appropriated funds. This program has been completed and the Commodity Credit Corporation reimbursed therefor by appropriation contained in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956.

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION
FOR TRANSFER OF WHEAT TO PAKISTAN

PROJECT STATEMENT

Project	1956	1957 (estimated)	1958 (estimated)
Transfer of wheat to Pakistan	$69,322,990	- -	- -
Unobligated balance	62,841	- -	- -
Total appropriation	69,385,831	- -	- -

The act of June 25, 1953 (67 Stat. 80), provided for the transfer of price-support wheat to Pakistan and authorized the appropriation of funds to reimburse the Commodity Credit Corporation for its investment in the wheat, including handling and delivery costs. Operations under this program have been completed and the Commodity Credit Corporation reimbursed therefor by appropriation contained in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956.

GENERAL PROVISIONS

Sec. 501. Within the unit limit of cost fixed by law, [the lump-sum] appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [645] 577 passenger motor vehicles of which [622] 552 shall be for replacement only, and for the hire of such vehicles [, necessary in the conduct of the work of the Department outside the District of Columbia].

Section 501:

The estimates propose the acquisition of 577 passenger motor vehicles from funds provided in the Agricultural Appropriation Act. This number is exclusive of 179 for the Forest Service. Of the 577 vehicles proposed for acquisition, 552 would be acquired to replace existing vehicles and 25 would be purchased without exchange of old vehicles to carry out expanded programs of the Agricultural Research Service, and the Packers and Stockyards and Grain Standards activities of the Agricultural Marketing Service. The vehicles proposed to be replaced will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number in the fiscal year 1958 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for acquisition of the 577 vehicles appears in the justifications for the applicable agencies.

The estimates also propose (a) to shorten and simplify the wording by deleting the reference to "lump-sum" appropriations, which is obsolete and is proposed for deletion to eliminate surplus wordage, and (b) deletion of the language limiting authority in Sec. 501 to purchase of vehicles for use outside the District of Columbia. Passenger motor vehicles for use inside the District of Columbia are being obtained from General Services Administration motor pools, with the exception of vehicles for use by the Secretary and for use at the National Arboretum and in local meat inspection work. Purchase of vehicles for use in Washington will be made within the limitations prescribed in Sec. 501. Since the number of such excepted vehicles (2) is so small, the inclusion of the language regarding purchases in connection with work outside the District of Columbia serves no practicable purpose. On this basis the limitation in Sec. 501 will be applicable to acquisitions both inside and outside the District of Columbia.

Section 502: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Sec. 503. [Of appropriations herein made which are available for the purchase of lands, not to exceed $1 may be expended for each option to purchase any particular tract or tracts of land] Funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

Section 503:

The estimates propose deletion of the language authorizing the payment of not to exceed $1 for options to purchase land. It is no longer necessary to include such authority in the appropriation act since similar authority is now included in Section 11(b) of the Department of Agriculture Organic Act of 1956, approved August 3, 1956 (P.L. 979).

The estimates also propose a new general provision authorizing the use of appropriations for purchase of uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131). Similar authority is now included in specific appropriation items for Agricultural Research Service, Office of the Secretary, and the administrative expense limitation for the Commodity Credit Corporation. It is proposed to delete the authority in the various appropriation items and substitute this new section in General Provisions, thereby shortening and simplifying the wording of the appropriation act. Payment of uniform allowances will continue to be made only in those instances where justified in accordance with regulations issued pursuant to the Act of September 1, 1954.

Section 504: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 505: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Sec. 506. Not less than $1,500,000 of the appropriations of the Department for research and service work authorized by the [Act] Acts of August 14, 1956 [(7 U.S.C. 427, 1621-1629),] and [the Act of] July 28, 1954 ([Public Law 545] 7 U.S.C. 427, 1621-1629), shall be available for contracting in accordance with said Acts.

Section 506:

The estimates propose the deletion of the citation to Public Law 545, which is now included in 7 U.S.C. 427.

Section 507: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

[Sec. 508. Appropriations of the Department available for research and service work authorized by the Act of August 14, 1946 (7 U.S.C. 427, 1621-1629) shall be available for expenses of any advisory committee established as provided in title III of said Act to assist in effectuating the research and service work of the Department.]

Section 508:

The estimates propose deletion of this Section providing for the payment of expenses for advisory committees established pursuant to Title II of the Act of August 14, 1947. Authority to pay expenses of advisory committees is included in Section 4 of the Department of Agriculture Organic Act of 1956, approved August 3, 1956 (P.L. 979), and it is no longer necessary to include this authority in the appropriation act.